

AVI

2025 GROUP ANNUAL FINANCIAL STATEMENTS



GROWING GREAT BRANDS



AVI

AVI LIMITED

ISIN: ZAE000049433 Share Code: AVI
Registration Number: 1944/017201/06
("AVI" or "the Group" or "the Company")

For more information please visit our website:
www.avi.co.za



CONTENTS

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

- 2 Directors' responsibility statement
- 2 CEO and financial director responsibility statement
- 3 Approval of annual financial statements
- 3 Certificate of the company secretary
- 4 Directors' report
- 8 Directors' remuneration report
- 11 Audit Committee report
- 12 Independent auditor's report
- 18 Segment reporting
- 22 Accounting policies
- 34 Balance sheet
- 35 Statement of comprehensive income
- 36 Statement of cash flows
- 37 Statement of changes in equity
- 38 Notes to the financial statements
- 76 Annexure A - Interests in other entities
- 77 Annexure B - Analysis of ordinary shareholders



The financial statements of AVI Limited have been audited in compliance with section 30 of the Companies Act No. 71 of 2008, as amended ("the Companies Act"), and have been prepared under the supervision of Justin O'Meara, CA(SA), the AVI Group Chief Financial Officer.

These consolidated annual financial statements for the year ended 30 June 2025 were published on Monday, 8 September 2025.

The annual financial statements of the Company are presented separately from the consolidated annual financial statements and were approved by the directors on 5 September 2025, the same date as these consolidated annual financial statements. The separate annual financial statements are available on the Company's website www.avi.co.za and at the Company's registered office.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of AVI Limited and its subsidiaries ("the Group"), comprising the balance sheet as at 30 June 2025 and the statements of comprehensive income, cash flows and changes in equity for the year then ended, the accounting policies and the notes to the financial statements, which include explanatory notes in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act No. 71 of 2008, as amended ("the Companies Act"), and the directors' report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe that it will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the consolidated annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

CEO AND FINANCIAL DIRECTOR RESPONSIBILITY STATEMENT

Each of the directors, whose names are stated below, hereby confirm that –

- (a) the annual financial statements set out on pages 4 to 78, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the audit committee and the auditors deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- (f) we are not aware of any fraud involving directors.



SL CRUTCHLEY
Chief Executive Officer



JC O'MEARA
Chief Financial Officer
Designated Financial Director

5 September 2025

Extract from JSE guidance letter on directors' responsibility on financial controls dated 17 July 2020 to note for information purposes:

Materiality

In terms of the JSE Listings Requirements ("the Requirements") financial information must be prepared in accordance with IFRS Accounting Standards. The application of materiality is an important concept dealt with by IFRS Accounting Standards. The reference to materiality in paragraph (a) of the CEO and FD sign off must be interpreted in the context of IFRS Accounting Standards.

The second obligation under the CEO and FD sign off rule (as detailed in (b)) must be read in the context of paragraph (a). The term 'no' does not mean a one hundred percent factual correctness but rather that after due, careful and proper consideration the directors agree that no facts have been omitted or untrue statements made that would make the Annual Financial Statements ("AFS") materially false or materially misleading in terms of IFRS Accounting Standards.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements of AVI Limited, which appear on pages 4 to 11 and 18 to 78, were authorised for issue by the Board of directors on 5 September 2025 and are signed on their behalf.



MJ WATTERS
Non-executive Chairman
Authorised director



SL CRUTCHLEY
Chief Executive Officer
Authorised director

CERTIFICATE OF THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act No. 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission, for the financial year ended 30 June 2025, all such returns required of a public company in terms of the Companies Act No. 71 of 2008, as amended, and that all such returns are true, correct and up to date.



VA CRYSTAL
Company Secretary
Illovo, Johannesburg
5 September 2025

DIRECTORS' REPORT

Business of the Group

AVI Limited ("the Company"), which is registered and incorporated in the Republic of South Africa with a primary listing on the JSE Limited ("JSE") and a secondary listing on A2X, is a branded consumer products company. The Company registration number is 1944/017201/06. The Group comprises trading subsidiaries that manufacture, process, market and distribute branded consumer products in the food, beverage, footwear, apparel and cosmetics sectors.

Financial

The results of operations for the year are set out in the statement of comprehensive income on page 35.

Revenue and operating profit before capital items were as follows:

	2025 R'm	2024 R'm
Revenue	16 021,5	15 862,3
Operating profit before capital items	3 561,9	3 304,6

Further details are provided in the segmental report, which follows the Independent Auditor's Report.

The Group remains cash generative, with sufficient borrowing facilities to manage disruptions to operational cash flows and to continue to support its business units.

Inventory and debtor provisions have been reviewed without any material movements in income statement adjustments compared to the prior period.

Going concern

The Group earned a net profit for the year ended 30 June 2025 of R2 429,7 million (2024: R2 257,7 million) and as of that date, its total assets exceeded its total liabilities by R5 346,9 million (2024: R5 784,9 million).

The trading environment remains particularly challenging, exacerbated by the government's inability to deliver structural reforms required for sustainable economic recovery. Key macroeconomic pressures include elevated unemployment, declining real disposable income, and the continued erosion of South Africa's middle class; many of whom are core consumers of the Group's brands. In addition, the increasing deterioration of municipal infrastructure in critical areas where the Group operates has raised the cost and complexity of maintaining baseline operations.

Despite these conditions, the Group remains committed to protecting volumes, sustaining margin positions, and optimising returns. A number of restructuring and efficiency initiatives have been implemented in 2025 to address the cost and complexity of the Group's operating model, with benefits expected to flow through in the upcoming financial year.

As part of preparing the financial results, the Group has performed a detailed going concern assessment. This assessment is based on the approved budget for the 2026 financial year and includes profitability, solvency and liquidity forecasts. The budget was set against a backdrop of weak macroeconomic growth, rising competitive intensity, and operational risks linked to infrastructure and regulatory shortcomings. Notwithstanding these challenges, the base case budget demonstrates continued capital stability, liquidity adequacy and value creation for shareholders.

A downside scenario was also considered, reflecting persistent inflation, further deterioration in public infrastructure, lower-than-expected consumer demand, and the potential impact of aggressive discounting by competitors. The scenario also accounted for volatile currency movements and the consideration of lower catch rates in the I&J division. Even under this scenario, the Group remains solvent and liquid, with no material uncertainty arising that casts doubt on its ability to continue as a going concern.

Based on the above, no material uncertainties that would require disclosure have been identified in relation to the ability of the Group to remain a going concern for at least the next 12 months. The directors therefore consider it appropriate for the going concern basis to be adopted in preparing the consolidated annual financial statements.

Umsobomvu joint venture

I&J Limited currently holds a 50% interest in the Umsobomvu joint venture which was engaged in the procurement and selling of squid and operated principally in South Africa on five squid vessels.

In line with I&J's objective to simplify and focus on core operations, the two shareholders of the joint venture entered into an agreement to sell all five of the vessels together with the squid fishing rights held by the joint venture for a total purchase consideration of R53,3 million. The agreement was dependent on certain suspensive conditions being met, most notably the approval of the transfer of the fishing rights by the Department of Forestry, Fisheries and Environment ("DFFE"). The suspensive conditions and completion actions were finalised during July 2024, with funds being paid to the joint venture, and consequently the sale transaction has been recognised resulting in a capital profit after taxation of R12,6 million.

During August 2024 and June 2025, dividends were declared and paid to the shareholders, of which I&J Limited received R20,5 million and R2,5 million, respectively.

DIRECTORS' REPORT continued

Share capital

Details of the Company's authorised and issued share capital are given in Note 11 to the financial statements, on page 47.

Corporate activity

There have been no significant changes to investments during the year.

Issues and redemptions during the year

A summary of the movement in the number of ordinary shares in issue during the year is given in Note 11 to the financial statements, on page 47.

General authority for the Company to acquire its own shares

The directors consider that it will be advantageous for the Company to have a general authority to acquire its own shares. Such authority will be utilised if the directors consider that it is in the best interests of the Company and shareholders to effect such acquisitions having regard to prevailing circumstances and the cash resources of the Company at the appropriate time. Accordingly, shareholders will be asked to approve such general authority at the Annual General Meeting on 11 November 2025.

Dividends

Dividends, paid and proposed, are disclosed in Note 30 to the financial statements on page 56.

Directorate

There were no changes to the Board for the year under review.

In line with the requirements of the Companies Amendment Act, No. 16 of 2024, the composition of the Social and Ethics Committee was reviewed during the year. In compliance with the amended provision requiring a majority of the members be non-executive directors:

Mr SL Crutchley and Mr JC O'Meara resigned from the Social and Ethics Committee with effect from 16 January 2025.

Mr MJ Watters and Ms MR Mouyeme were appointed to the Social and Ethics Committee with effect from 16 January 2025.

In terms of the Company's Memorandum of Incorporation, Mr SG Robinson, Mr M Koursaris and Ms MR Mouyeme retire at the forthcoming Annual General Meeting. All of the retiring directors, being eligible, offer themselves for re-election.

In terms of the Companies Act, the appointments of Mr SG Robinson (Chairman), Mrs A Muller and Ms MR Mouyeme to the Audit and Risk Committee need to be approved at the forthcoming Annual General Meeting.

In terms of the Companies Act, the appointments of Mrs A Muller (Chair), Mr MJ Watters and Ms MR Mouyeme to the Social and Ethics Committee need to be approved at the forthcoming Annual General Meeting.

Directors' service contracts

Standard terms and conditions of employment apply to executive directors, which, inter alia, provide for notice of termination of three months. Non-executive directors conclude service contracts with the Company on appointment. Their term of office is governed by the Memorandum of Incorporation which provides that one-third of the aggregate number of directors will retire by rotation at each Annual General Meeting, but may, if eligible, offer themselves for re-election.

DIRECTORS' REPORT continued

Share schemes

Particulars of the Group's various share incentive schemes are set out in Note 32, on page 58 of the financial statements.

Directors' interests

The interests of the directors in the issued listed securities of the Company, being ordinary shares of 5 cents each, as at 30 June 2025 and 30 June 2024, are as follows:

	Direct number	Beneficial indirect number	% of total
At 30 June 2025			
SL Crutchley	900 000	–	0,26
JC O'Meara	5 932	–	0,00
M Koursaris	145 836	–	0,04
MJ Watters	500	–	0,00
Total	1 052 268	–	0,30
At 30 June 2024			
SL Crutchley	869 697	–	0,26
JC O'Meara	4 010	–	0,00
M Koursaris	115 836	–	0,03
MJ Watters	500	–	0,00
Total	990 043	–	0,29

There have been no change to the directors' interests reflected above since the reporting date.

Material shareholders

The Company does not have a holding company.

Ordinary shares

The beneficial holders of 3% or more of the issued ordinary shares of the Company at 30 June 2025, according to the information available to the directors, were:

	Number of ordinary shares	%
Government Employees Pension Fund	70 369 315	20,7
Vanguard Investment Management	12 947 600	3,8
Old Mutual Group	12 891 610	3,8

Special resolutions passed by the Company

The following special resolutions have been passed by the Company since the previous directors' report dated 6 September 2024 to the date of this report:

- To approve the fees payable to the current non-executive directors, excluding the Chairman of the Board and the foreign non-executive director.
- To approve the fees payable to the Chairman of the Board.
- To approve the fees payable to the Chairman of the Board, should the chairman be a foreign non-executive director.
- To approve the fees payable to the members of the Remuneration, Nomination and Appointments Committee, excluding the Chairman of the committee.
- To approve the fees payable to the members of the Remuneration, Nomination and Appointments Committee, should the member be a foreign non-executive director.
- To approve the fees payable to the members of the Audit and Risk Committee, should the member be a foreign non-executive director.
- To approve the fees payable to the non-executive members of the Social and Ethics Committee, excluding the Chairman of the committee.
- To approve the fees payable to the members of the Social and Ethics Committee, should the member be a foreign non-executive director.
- To approve the fees payable to the Chairman of the Remuneration, Nomination and Appointments Committee.
- To approve the fees payable to the Chairman of the Audit and Risk Committee.
- To approve the fees payable to the Chairman of the Social and Ethics Committee.
- To authorise, by way of a general approval, the Company or any of its subsidiaries to acquire ordinary shares issued by the Company in terms of the Companies Act and Listings Requirements of the JSE.
- To authorise the Company, in terms of section 45 of the Companies Act, to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related.

Post-reporting date events

No material events that meet the requirements of IAS 10 have occurred since the reporting date.

DIRECTORS' REMUNERATION REPORT

Share incentive scheme interests

The Revised AVI Limited Executive Share Incentive Scheme

Name	Date of award	Award price per instrument R	Instruments outstanding at 30 June 2024 number	Awarded number	Exercised number	Relinquished ¹ number	Instruments outstanding at 30 June 2025 number
SL Crutchley	1 April 2020	69,75	361 080	–	(361 080)	–	–
	1 April 2021	73,85	392 674	–	–	–	392 674
	1 April 2022	69,23	450 295	–	–	–	450 295
	1 April 2023	66,48	498 092	–	–	–	498 092
	1 April 2024	91,54	408 319	–	–	(100 100)	308 219
	1 April 2025	89,87	–	457 497	–	–	457 497
JC O'Meara	1 October 2022	73,43	123 020	–	–	–	123 020
	1 October 2023	75,20	144 150	–	–	–	144 150
	1 October 2024	108,00	–	125 464	–	(33 130)	92 334
M Koursaris	1 April 2020	69,75	130 064	–	(130 064)	–	–
	1 April 2021	73,85	130 520	–	(130 520)	–	–
	1 April 2022	69,23	148 281	–	(148 281)	–	–
	1 April 2023	66,48	214 125	–	–	–	214 125
	1 April 2024	91,54	169 501	–	–	(41 731)	127 770
	1 April 2025	89,87	–	189 916	–	–	189 916
			3 170 121	772 877	(769 945)	(174 961)	2 998 092

¹ The number of relinquished instruments represents instruments sacrificed in favour of AVI Limited Out-Performance Scheme options in terms of the rules of the AVI Limited Out-Performance Scheme.

All options vest three years after grant date and lapse on the fifth anniversary of the grant date.

The AVI Limited Out-Performance Scheme

Name	Date of award	Award price per instrument R	Instruments outstanding at 30 June 2024 number	Awarded number	Exercised number	Forfeited number	Instruments outstanding at 30 June 2025 number
SL Crutchley	1 October 2021	79,98	99 516	–	(99 516)	–	–
	1 October 2022	72,99	118 861	–	–	–	118 861
	1 October 2023	74,00	128 962	–	–	–	128 962
	1 October 2024	104,87	–	100 100	–	–	100 100
JC O'Meara	1 October 2022	72,99	31 734	–	–	–	31 734
	1 October 2023	74,00	37 561	–	–	–	37 561
	1 October 2024	104,87	–	33 130	–	–	33 130
M Koursaris	1 October 2021	79,98	32 910	–	(32 910)	–	–
	1 October 2022	72,99	39 308	–	–	–	39 308
	1 October 2023	74,00	53 764	–	–	–	53 764
	1 October 2024	104,87	–	41 731	–	–	41 731
			542 616	174 961	(132 426)	–	585 151

All instruments vest three years after award date. Instruments are converted to shares if the performance requirements are met on the measurement date.

DIRECTORS' REMUNERATION REPORT continued

The AVI Limited Deferred Bonus Share Plan

Name	Date of award	Award price per instrument R	Instruments outstanding at 30 June 2024 number	Awarded number	Exercised number	Forfeited number	Instruments outstanding at 30 June 2025 number
SL Crutchley	1 October 2021	86,04	85 280	–	(85 280)	–	–
	1 October 2022	73,43	219 682	–	–	–	219 682
	1 June 2023	63,58	159 194	–	–	–	159 194
	1 October 2023	75,20	197 495	–	–	–	197 495
	1 October 2024	108,00	–	181 641	–	–	181 641
JC O'Meara	1 October 2021	86,04	1 922	–	(1 922)	–	–
	1 October 2022	73,43	28 433	–	–	–	28 433
	1 June 2023	63,58	51 003	–	–	–	51 003
	1 October 2023	75,20	47 542	–	–	–	47 542
	1 October 2024	108,00	–	50 668	–	–	50 668
M Koursaris	1 October 2021	86,04	23 288	–	(23 288)	–	–
	1 October 2022	73,43	60 718	–	–	–	60 718
	1 June 2023	63,58	80 371	–	–	–	80 371
	1 October 2023	75,20	68 050	–	–	–	68 050
	1 October 2024	108,00	–	63 822	–	–	63 822
			1 022 978	296 131	(110 490)	–	1 208 619

All instruments vest three years after award date. Upon vesting, the shares become unrestricted in the hands of participants.

Earnings-linked performance bonus liabilities

Name	Date of award	Award price per instrument R	Instruments outstanding at 30 June 2024 number	Awarded number	Exercised number	Relinquished number	Instruments outstanding at 30 June 2025 number
JC O'Meara	1 October 2020	3 824,15	411	–	(411)	–	–
	1 October 2020	3 532,75	389	–	(389)	–	–
	1 October 2021	3 637,51	312	–	(312)	–	–
			1 112	–	(1 112)	–	–

Senior management who do not participate in the Revised AVI Limited Executive Share Incentive Scheme, are eligible to participate in an earnings-linked performance share option scheme which is accounted for in terms of IAS 19 – *Employee Benefits* as the benefit payment is based on the Company's headline earnings. All instruments vest three years after award date. These share options can be exercised after a three-year vesting period, at which point participants receive the benefit in cash determined as the difference between the notional share price calculated on vesting date and the award date share price. Upon vesting, the options become unrestricted in the hands of participants and lapse two years and 91 days after vesting date. Refer to Note 14 for details on the total liability at year end.

DIRECTORS' REMUNERATION REPORT continued

Emoluments

	2025						2024 R'000
	Salary R'000	Bonus and performance- related payments R'000	Pension fund contributions R'000	Gains on exercise of share incentive instruments* R'000	Other benefits and allowances R'000	Total R'000	
Executive directors							
SL Crutchley	15 937	28 534	1 251	41 968	2 814	90 504	41 639
JC O'Meara	6 201	6 879	573	3 176	175	17 004	10 890
M Koursaris	7 736	9 847	963	22 567	54	41 167	15 934
	29 874	45 260	2 787	67 711	3 043	148 675	68 463

* Gains on exercise of share incentive instruments represent the actual gain received by the director on exercising vested share incentive instruments.

The above directors' emoluments were paid by another AVI Group company.

	2025 R'000	2024 R'000
Non-executive directors' and committee fees		
MJ Watters (Chairman) ¹	3 298	3 071
JR Hersov ²	–	2
SG Robinson	879	822
A Muller	971	919
AM Thebyane ³	–	585
MR Mouyeme ⁴	841	694
VA Davies ⁵	852	179
Total non-executive directors' and committee fees	6 841	6 272
Total directors' emoluments	155 516	74 735

The IFRS 2 expense recognised in profit or loss in respect of share incentive instruments granted to directors is as follows:

	2025 R'000	2024 R'000
SL Crutchley	29 194	22 708
JC O'Meara	7 093	4 543
M Koursaris	10 642	7 705
	46 929	34 956

¹ Paid in UK Pounds.

² Resigned 3 July 2023.

³ Resigned 30 April 2024.

⁴ Appointed 1 August 2023.

⁵ Appointed 1 June 2024.

AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 30 June 2025 in terms of section 94(7)(f) of the Companies Act No. 71 of 2008, as amended ("the Companies Act").

The Audit Committee has adopted formal terms of reference, delegated to it by the Board of directors, as its charter. The charter is in line with the Companies Act, the King IV Report on Corporate Governance for South Africa 2016 ("King IV") and the JSE Listings Requirements. The Audit Committee has discharged the functions delegated to it in terms of its charter. The Audit Committee's process is supported by the operating subsidiary companies which have internal review committees that monitor risk management and compliance activities. There is a formal reporting line from the various internal review committees into the Audit Committee via the Group's Chief Financial Officer.

During the year under review the Audit Committee performed the following statutory duties:

1. Reviewed and recommended for adoption by the Board such financial information as is publicly disclosed which for the year included:
 - The interim results for the six months ended 31 December 2024; and
 - The annual financial statements for the year ended 30 June 2025.
2. Considered and satisfied itself that the external auditors Ernst & Young Inc. are independent.
3. Approved the external auditor's budgeted fees and terms of engagement for the 2025 financial year.
4. Determined the non-audit related services which the external auditors were permitted to provide to AVI and reviewed the policy for the use of the external auditors for non-audit related services. All non-audit related service agreements between the AVI Group and the external auditors were pre-approved.
5. Satisfied itself that the necessary documentation and confirmations in terms of the JSE Listings Requirements were obtained from the external auditors.
6. Resolved that KPMG Inc. would continue to perform the internal audit function during the financial year.
7. Reviewed the Audit Committee charter in line with King IV recommendations.
8. Reviewed the internal audit charter in line with King IV recommendations.
9. Confirmed the internal audit plan for the 2025 financial year.
10. Ensured that appropriate financial reporting procedures exist and that they are working.
11. Confirmed that adequate whistle-blowing facilities were in place throughout the AVI Group and reviewed and considered actions taken with regard to incident reports.
12. Held separate meetings with management, the external and internal auditors to discuss any problems and reservations arising from the year end audit and other matters that they wished to discuss.
13. Noted that it had not received any complaints, either from within or outside the Company, relating either to the accounting practices, the internal audits, the content or auditing of the financial statements, the internal financial controls or any other related matter.
14. Conducted a self-evaluation exercise into its effectiveness.
15. Reviewed the suitability of Ernst & Young Inc., for re-appointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements.
16. Recommended to the Board the re-appointment of Ernst & Young Inc. as the external auditors and appointment of Mr D Engelbrecht as the registered auditor responsible for the audit for the year ending 30 June 2026, which will be considered at the forthcoming Annual General Meeting.
17. Evaluated and satisfied itself as to the appropriateness of the expertise and experience of the Company's financial director.
18. Satisfied itself as to the expertise, resources and experience of the Company's finance function.
19. Evaluated the underlying assessment performed by the CEO and financial director to support their declaration required in terms of section 3.84(k) of the JSE Listings Requirements and are satisfied that it supports the declaration made.

On behalf of the Audit Committee



SG ROBINSON
Audit Committee Chairman

5 September 2025

INDEPENDENT AUDITOR'S REPORT

To the shareholders of AVI Limited

Report on the Audit of the Consolidated Annual Financial Statements

Opinion

We have audited the consolidated annual financial statements of AVI Limited and its subsidiaries ("the Group") set out on pages 8 to 10 and 18 to 75, which comprise the directors' remuneration report, the segment reporting, the consolidated balance sheet as at 30 June 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated annual financial statements, including material accounting policy information.

In our opinion, the consolidated annual financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2025, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors ("IRBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 ("EAR Rule") we report:

Final Materiality

The ISAs recognise that:

- misstatements, including omissions, are considered to be material if the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;
- judgements about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and
- judgements about matters that are material to users of the financial statements consider users as a group rather than as specific individual users, whose needs may vary greatly.

The amount we set as materiality represents a quantitative threshold used to evaluate the effect of misstatements to the financial statements as a whole based on our professional judgment. Qualitative factors are also considered in making final determinations regarding what is material to the financial statements.

Final Materiality

We determined final materiality for the Group to be R167,3 million, which is based on 5% of profit before tax. We have identified profit before tax as the most appropriate basis as we typically believe that profit companies are evaluated by users on their ability to generate earnings.

INDEPENDENT AUDITOR'S REPORT continued

Group Audit Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each component within the Group. Taken together, this enables us to form an opinion on the consolidated annual financial statements. We take into account the size and risk profile of the components in the Group. In addition, we further consider the organisation of the Group and effectiveness of Group wide controls, changes in the business environment, and other factors such as our experience in prior years and recent internal audit results when assessing the level of work to be performed at each component of the Group. Our process focuses on identifying and assessing the risk of material misstatements of the consolidated annual financial statements as a whole including, with respect to the consolidation process.

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors under our instruction.

In selecting components, we perform risk assessment activities across the Group and its components to identify risks of material misstatement. We then identify how the nature and size of the account balances at the components contribute to those risks and thus determine which account balances require an audit response. We then consider for each component the degree of risk identified (whether pervasive or not) and the number of accounts requiring audit responses to assign either a full or specific scope (including specified procedures) to each component. We involved component auditors in this risk assessment process.

In our assessment of the residual account balances not covered by the audit procedures, we considered whether these could give rise to a risk of material misstatement of the consolidated annual financial statements. This assessment included performing overall analytical procedures at Group level.

Of the four components selected, we identified:

- Four components ("full scope components") which were selected based on the pervasiveness of risk in those components and for which we therefore performed procedures on what we considered to be the entire financial information of the component.

At Group level we also tested the consolidation process as well as share-based payment accounting including recharges, impairment valuation models for the valuation of intangible assets across the Group, post-retirement medical aid liabilities valuation as well as cashflow hedge accounting which were tested centrally by the primary team.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated annual financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated annual financial statements.

INDEPENDENT AUDITOR'S REPORT continued

Key Audit Matters continued

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key Audit Matter	How the matter was addressed in the audit
<p>Impairment assessment of intangible assets and goodwill</p> <p>Management performs an impairment test on the recoverability of the intangibles as well as the goodwill as required by IFRS® Accounting Standards as issued by the International Accounting Standards Board which is subjective in nature due to the estimates having to be made of future performance.</p> <p>The Group's goodwill and trademarks' value mainly relates to footwear and apparel and the personal care businesses.</p> <p>As disclosed in Note 3 to the consolidated annual financial statements (Intangible Assets and Goodwill), the Group uses a discounted cash flow model to determine the value in use for each cash-generating unit.</p> <p>Judgement is applied by management in determining the recoverable amount for each cash-generating unit based on the value-in-use.</p> <p>Given the number of stores and locations in which the Group operates, the assessment required significant judgement concerning future trading profits, discount rates and growth rates applied within discounted cashflow models.</p> <p>During the current year, certain macroeconomic factors have continued to have a significant impact on the current economic climate by affecting the spending patterns of consumers which continues to evolve between various products and regions.</p> <p>As a result, this has created uncertainties around the revenue and growth rate assumptions of the footwear and apparel as well as the personal care businesses. These factors have led to continued uncertainty around the timing and amount of future cash flows, when they are already inherently uncertain.</p> <p>Given the above, impairment testing, particularly in the footwear and apparel as well as the personal care businesses required significant auditor attention in the current year and the involvement of our valuation specialists.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none">• We obtained management's impairment assessment for each cash generating unit;• We involved the internal valuation specialists in our team to assist in evaluating management's impairment methodology and key assumptions used in the impairment calculations;• Together with the internal valuation specialists we performed the following:<ul style="list-style-type: none">– Assessed management's impairment methodology by comparing it to best practises and the requirements of IAS 36; and– Calculated independent weighted average cost of capitals ("WACCs") to compare to management's WACCs. Our independent WACC recalculation was based on publicly available market data for comparable companies for each of the material cash-generating units ("CGUs");• For assumptions based on historical results, we compared the cash flow forecasts to past performance (particularly as it relates to historical working capital levels and gross profit margins);• For assumptions based on future trends and where the risk of a weakened economy is present:<ul style="list-style-type: none">– We vouched CPI assumptions to current market information, which we obtained externally;– We stress tested the footwear and apparel and personal care businesses' revenue cash flows by determining the impact of delayed economic growth, by pushing the cashflow forecasts out by one year; and– We have considered the actual trading results of the footwear and apparel and personal care businesses post year end in our assessment of the reasonability of the revenue cash flow projections.• We have performed sensitivity analyses around all the key assumptions used in the impairment model.• We did this by increasing and decreasing the following assumptions in the model to determine the impact on the headroom between the value of the recorded assets of the CGU and the value in use as calculated by the impairment calculation model:<ul style="list-style-type: none">– The WACC used to discount the cash flows;– Revenue and overheads;– Gross profit margins; and– Working capital requirements.• We assessed the historical reliability of cash flow forecasts prepared by management through a review of actual past performance compared to previous forecasts to understand management's ability to accurately estimate future cash flows;• We assessed historical forecasts obtained and compared these to forecasts obtained in the current year to determine management's ability to forecast accurately taking into consideration circumstances and events which arose during the financial year which were not known or present in prior years; and• We assessed the disclosures relating to goodwill and trademarks in terms of IAS 36.

INDEPENDENT AUDITOR'S REPORT continued

Key Audit Matters continued

Key Observations:

Based on the procedures performed over Impairment assessment of intangible assets and goodwill, we did not identify any significant matters requiring further consideration in concluding on our procedures.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 78-page document titled "AVI 2025 Group Annual Financial Statements", which includes the Directors' report, the Audit Committee report and the Certificate of the company secretary as required by the Companies Act of South Africa, and the Directors responsibility and approval; and in the 36-page document titled "AVI 2025 Company Annual Financial Statements", which include Directors' report, the Audit Committee report and the Certificate of the company secretary as required by the Companies Act of South Africa which we obtained prior to the date of this report, and the "AVI 2025 Integrated Annual Report", which is expected to be made available to us after that date. The other information does not include the consolidated annual financial statements or the separate annual financial statements and our auditor's report thereon.

Our opinion on the consolidated annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated annual financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal controls as the directors determine is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT continued

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of AVI Limited for eight years.

Ernst & Young Inc.

ERNST & YOUNG INC.

DIRECTOR – ALLISTER CARSHAGEN

Registered Auditor

Chartered Accountant (SA)

102 Rivonia Road

Sandton

5 September 2025

SEGMENT REPORTING

	Food & beverage brands					
	National Brands					
	Entyce Beverages		Snackworks		Total	
	2025 R'm	2024 R'm	2025 R'm	2024 R'm	2025 R'm	2024 R'm
Revenue	5 298,4	5 025,4	5 611,8	5 597,9	10 910,2	10 623,3
Total segment revenue	5 298,4	5 025,4	5 611,8	5 597,9	10 910,2	10 623,3
Intersegment revenue	–	–	–	–	–	–
Revenue from contracts with customers	5 298,4	5 025,4	5 611,8	5 597,9	10 910,2	10 623,3
Cost of sales [#]	(2 835,5)	(2 927,9)	(3 377,4)	(3 356,1)	(6 212,9)	(6 284,0)
Selling and administrative expenses, including other income [#]	(847,0)	(797,4)	(940,0)	(970,9)	(1 787,0)	(1 768,3)
Segment operating profit/(loss) before capital items	1 615,9	1 300,1	1 294,4	1 270,9	2 910,3	2 571,0
Share of equity-accounted losses of joint ventures	–	–	–	–	–	–
Income from investments					3,6	4,9
Finance costs					(242,5)	(202,3)
Taxation					(736,0)	(650,3)
Segment profit/(loss) before capital items					1 935,4	1 723,3
Capital items (after tax)						
Profit for the year						
Segment assets					5 005,7	4 832,7
Segment liabilities					3 583,3	3 462,0
Additions to property, plant and equipment					272,5	330,4
Depreciation and amortisation					245,4	219,6
Depreciation on property, plant and equipment					217,1	193,5
Depreciation on right-of-use assets					20,3	18,9
Amortisation					8,0	7,2
Impairment losses					–	(0,2)
Employee metrics						
Employment costs (included in both cost of sales and selling and administrative expenses)**					1 185,8	1 197,4
Number of employees at year end					2 586	2 410

[#] The segment information for the 2025 and 2024 financial years have been re-presented in light of the guidance provided by the IFRS Interpretation Committee's (IFRIC) final agenda decision relating to the IFRS 8 – Operating Segments on the disclosure of income and expense line items for reportable segments. The Group has elected to provide additional disclosure in light of the IFRIC agenda decision.

* Includes AVI Field Marketing Services. Costs attributable to AVI Field Marketing Services have been allocated to the appropriate segments.

** Employment costs include the following: short-term employment benefits, termination benefits, retirement benefits, post-retirement benefits, share-based payments and long-term earnings-linked performance bonuses.

Fashion brands

I&J		Personal Care		Footwear & Apparel		Corporate & consolidation		Total	
2025 R'm	2024 R'm	2025 R'm	2024 R'm	2025 R'm	2024 R'm	2025 R'm	2024 R'm	2025 R'm	2024 R'm
2 567,8	2 459,2	924,3	1 022,5	1 619,2	1 757,3	–	–	16 021,5	15 862,3
2 567,8	2 459,2	924,3	1 022,5	1 619,2	1 757,3	175,0	179,9	16 196,5	16 042,2
–	–	–	–	–	–	(175,0)	(179,9)	(175,0)	(179,9)
2 567,8	2 459,2	924,3	1 022,5	1 619,2	1 757,3	–	–	16 021,5	15 862,3
(1 889,3)	(1 803,3)	(419,8)	(444,2)	(662,0)	(717,4)	–	–	(9 184,0)	(9 248,9)
(437,7)	(456,2)	(347,8)	(358,3)	(693,5)	(699,1)	(9,6)	(26,9)	(3 275,6)	(3 308,8)
240,8	199,7	156,7	220,0	263,7	340,8	(9,6)	(26,9)	3 561,9	3 304,6
(0,3)	(3,2)	–	–	–	–	–	–	(0,3)	(3,2)
3,1	3,5	0,1	0,1	2,7	1,9	0,6	4,4	10,1	14,8
(7,3)	(12,4)	(0,4)	(0,1)	(27,9)	(27,8)	41,3	43,3	(236,8)	(199,3)
(65,8)	(59,4)	(24,2)	(40,3)	(50,8)	(67,1)	(39,9)	(27,1)	(916,7)	(844,2)
170,5	128,2	132,2	179,7	187,7	247,8	(7,6)	(6,3)	2 418,2	2 272,7
								11,5	(15,0)
								2 429,7	2 257,7
2 886,1	2 961,1	871,7	909,2	1 254,2	1 913,0	479,5	(306,3)	10 497,2	10 309,7
1 001,6	944,2	573,5	584,4	1 304,3	1 304,8	(1 312,4)	(1 770,6)	5 150,3	4 524,8
246,0	83,7	46,2	15,9	40,3	45,2	(4,0)	1,3	601,0	476,5
160,2	143,9	14,3	13,8	163,6	163,6	3,8	6,9	587,3	547,8
139,8	122,9	12,7	12,3	41,1	38,4	3,8	7,0	414,5	374,1
19,1	19,6	0,3	0,1	121,7	124,7	–	–	161,4	163,3
1,3	1,4	1,3	1,4	0,8	0,5	–	(0,1)	11,4	10,4
–	0,4	–	–	1,3	–	–	–	1,3	0,2
707,4	678,8	183,1	179,8	246,3	265,1	1 156,9*	1 110,6*	3 479,5	3 431,7
1 923	1 828	290	264	815	860	3 494*	3 575*	9 108	8 937

SEGMENT REPORTING continued

Basis of segment presentation

The segment information has been prepared in accordance with IFRS 8 – *Operating Segments* (“IFRS 8”) which defines the requirements for the disclosure of financial information of an entity’s operating segments. The standard requires segmentation based on the Group’s internal organisation and internal accounting presentation of revenue and operating profit.

Identification of reportable segments

The Group discloses its reportable segments according to the entity components that management monitor regularly in making decisions about operating matters. The reportable segments comprise various operating segments primarily located in South Africa.

The revenue and operating assets are further disclosed within the geographical areas in which the Group operates. Segment information is prepared in conformity with the basis that is reported to the CEO, who is the chief operating decision maker, in assessing segment performance and allocating resources to segments. These values have been reconciled to the consolidated annual financial statements. The basis reported by the Group is in accordance with the accounting policies adopted for preparing and presenting the consolidated annual financial statements.

Segment revenue excludes Value Added Taxation and includes intersegment revenue. Revenue from contracts with customers represents segment revenue from which intersegment revenue has been eliminated. Sales between segments are made on a commercial basis.

Segment operating profit before capital items represents segment revenue less segment operating expenses, excluding capital items included in Note 23.

Segment expenses include direct and allocated expenses. Depreciation and amortisation have been allocated to the segments to which they relate.

The segment assets comprise all assets that are employed by the segment and that either are directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

The number of employees per segment represents the total number of permanent and full time equivalents at year end.

Reportable segments

National Brands

Entyce Beverages

Revenue in this segment is derived from the sale of tea, coffee and creamer, primarily in South Africa and neighbouring countries.

The coffee category includes the supply of premium ground coffee and beverage service solutions to the out-of-home consumption market including hotels, caterers, restaurants and corporates.

Snackworks

The principal activity within this segment is the sale of a full range of sweet and savoury biscuits and baked and fried potato and maize snacks, primarily in South Africa and neighbouring countries.

I&J

I&J catches fish in South African waters and processes, markets and distributes premium quality value-added seafood in local and international markets.

Fashion brands

Fashion brands provide personal care and footwear and apparel offerings.

Personal Care

Indigo Brands, which forms the base for the personal care segment, creates, manufactures and distributes leading body spray, fragrance, cosmetics and body lotion products. These products are sold primarily in South Africa and neighbouring countries.

Footwear and Apparel

Spitz, Kurt Geiger, Green Cross and Gant make up the footwear and apparel segment and retail a portfolio of owned and licensed footwear and apparel brands in South Africa.

SEGMENT REPORTING continued

Reportable segments continued

Corporate

The corporate office provides strategic direction, as well as financial, treasury and legal services to the largely autonomous subsidiaries.

Other entities in this segment comprise the various staff share scheme trusts.

No operating segments have been aggregated to form the above reportable operating segments.

Geographical information

The Group's operations are principally located in South Africa.

Major customers

The Group's most significant customers, being two South African retailers, individually contribute more than 10% of the Group's revenue (R4 329,6 million in the current year and R4 246,2 million in the previous year) in the National Brands, I&J and Personal Care segments.

Segmental revenue by market	2025		2024	
	R'm	%	R'm	%
The Group's consolidated revenue by geographic market, regardless of where goods were produced, was as follows:				
South Africa	12 949,1	80,8	12 895,5	81,3
Other African countries	1 340,2	8,4	1 352,4	8,5
Europe	1 234,9	7,7	1 140,1	7,2
Rest of the world	497,3	3,1	474,3	3,0
Total segmental revenue	16 021,5	100,0	15 862,3	100,0
Analysis of non-current assets* by geographic area				
South Africa	4 764,8	98,7	4 599,7	98,6
Other African countries	57,7	1,2	62,5	1,3
Europe	2,5	0,1	6,8	0,1
Rest of the world	–	–	–	–
	4 825,0	100,0	4 669,0	100,0

* Comprises non-current assets less deferred tax assets and other long-term assets.

ACCOUNTING POLICIES

AVI Limited ("the Company") is a South African registered company. The consolidated annual financial statements of the Company for the year ended 30 June 2025 comprise the Company and its subsidiaries (together referred to as "the Group" or "AVI") and the Group's interest in a joint venture.

Statement of compliance

The consolidated annual financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), in compliance with JSE Limited Listings Requirements, the interpretations adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa. The consolidated annual financial statements were approved for issue by the Board of directors on 5 September 2025.

Basis of preparation

These consolidated annual financial statements are prepared in millions of South African Rands ("R'm"), which is the Company's functional currency, on the historical cost basis, except for the following assets and liabilities which are stated at their fair value:

- derivative financial instruments;
- biological assets; and
- liabilities for cash-settled share-based payment arrangements.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about areas of estimation that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

Note 1 – useful lives and residual values of property, plant and equipment;

Note 3 – useful lives and impairment tests on intangible assets;

Note 6 – utilisation of tax losses;

Note 8 – valuation of biological assets;

Note 13 – lease terms applied in calculating lease liabilities;

Note 14 – measurement of defined benefit obligations; and

Note 33 – measurement of cash-settled share-based payment liabilities relating to BBBEE transactions.

The accounting policies set out below have been applied consistently in the periods presented in these consolidated annual financial statements. There are no new, revised or amended accounting standards, effective 1 July 2024, applicable to the Group.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the Organization for Economic Co-operation and Development's (OECD) BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately.

The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. Furthermore, the Group has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in various jurisdictions. Since the Group's effective tax rate is well above 15% in all jurisdictions in which it operates, the Group has assessed that there is no current tax impact and is not required to pay Pillar Two "top-up" taxes.

ACCOUNTING POLICIES continued

New standards and interpretations in issue not yet effective

The Group continuously evaluates the impact of new accounting standards, amendments to accounting standards and interpretations and assesses these for applicability to the Group. The new accounting standards and amendments to accounting standards issued which are material to the Group, but not yet effective on 30 June 2025, include:

IFRS 18 – Presentation and Disclosure of Financial Statements

The new standard on presentation and disclosure in financial statements focuses on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Group is still assessing the impact of these amendments which are effective for the Group's annual reporting period beginning on 1 July 2027.

Basis of consolidation

Subsidiaries

The consolidated annual financial statements include the financial statements of the Company and its subsidiaries. Where an investment in a subsidiary is acquired or disposed of during the financial year its results are included from, or to, the date control commences or ceases. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

Subsidiaries are those entities controlled by the Company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

Joint arrangements

Joint arrangements are those entities in respect of which there is a contractual agreement whereby the Group and one or more other parties undertake an economic activity, which is subject to joint control.

A joint venture is an arrangement over which the Group has joint control, where the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group's participation in joint ventures is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, until the date on which joint control ceases, the consolidated annual financial statements include the Group's share of profit or loss and other comprehensive income of the equity-accounted investees offset by dividends received.

Eliminations on consolidation

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated annual financial statements. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in these enterprises. Unrealised losses on transactions with joint ventures are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

Goodwill

All business combinations are accounted for by applying the "acquisition method", as at acquisition date, which is the date on which control is transferred to the Group. The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in profit or loss.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

A bargain purchase gain arising on an acquisition is recognised directly in profit or loss as a capital item.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

ACCOUNTING POLICIES continued

Broad-based Black Economic Empowerment (“BBBEE”) transactions

Where BBBEE transactions involve the disposal or issue of equity interests in subsidiaries, although economic and legal ownership of such instruments may have transferred to the BBBEE participant, the derecognition of such equity interests sold or recognition of equity instruments issued in the underlying subsidiary by the parent shareholder is postponed whilst the parent shareholder is deemed to control the underlying subsidiary per the requirements of IFRS 10 – *Consolidated Financial Statements*.

Where BBBEE transactions involving equity instruments issued to external parties are expected to be settled in cash, a cash-settled share-based payment liability is recognised at the fair value of the amount expected to vest to BBBEE participants.

Where BBBEE transactions involving equity instruments issued to employees are expected to be settled in cash, an employee benefit liability is recognised at the present value of future cash flows expected to vest to participants, measured using the projected unit credit method.

Biological assets

Biological assets comprise abalone stock farmed by I&J.

Biological assets are stated at fair value less estimated costs to sell. Costs to sell include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

The valuation takes into consideration estimated growth rates and mortality (refer to Note 8 for a description of the methodology used for the estimation of growth rates and mortality rates). The market prices are derived from observable market prices and realised prices. The prices are reduced for estimated harvesting costs, processing costs, freight costs and other selling costs, to determine the net fair value.

The fair value of biological assets are categorised as Level 3 fair values as defined.

The net gain or loss arising from the change in the fair value of abalone stock is recognised in profit and loss in the period in which they arise.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset, that requires a substantial period of time to prepare for its intended use, are capitalised. Interest is capitalised over the period during which the qualifying asset is being acquired or constructed and where expenditure for the asset and borrowings have been incurred. Capitalisation ceases when the construction is interrupted for an extended period or when the qualifying asset is substantially complete. All other borrowing costs are recognised in profit or loss using the effective interest method.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash balances on hand, deposits held on call with banks, net of overdrafts forming part of the Group’s cash management, all of which are available for use by the Group unless otherwise stated.

Capital items

Capital items are items of income and expenses relating to the acquisition, disposal or impairment of investments, businesses, property, plant and equipment and intangible assets.

Capital items relate to separately identifiable remeasurements (not adjusted for related taxation and related non-controlling interests) other than remeasurements specifically included in headline earnings as defined in Circular 01/2023 – *Headline earnings*.

Dividends payable

Dividends payable are recognised in the period in which such dividends are declared.

Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding (adjusted for own shares held) during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and equivalent equity instruments granted to employees that have not yet met the accounting recognition criteria.

ACCOUNTING POLICIES continued

Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised in profit or loss during the period in which the employee renders the related service.

The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amounts which the Group has a present obligation to pay as a result of employees' services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary levels at the reporting date.

Defined contribution plans

The Group provides defined contribution plans for the benefit of employees, the assets of which are held in separate funds. These funds are funded by payments from employees and the Group. The Group's contributions to defined contribution plans are charged to profit or loss in the year to which they relate.

Defined benefit obligations

The Group's obligation to provide post-retirement medical aid benefits is a defined benefit obligation. The projected unit credit method is used to measure the present value of the obligation and the cost of providing these benefits.

Current service costs and interest costs are recognised in profit or loss in the period incurred.

Remeasurements, comprising actuarial gains and losses, are recognised immediately through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than post-retirement and pension plans is the amount of future benefit that employees have earned in return for their services in the current and prior periods.

That benefit is discounted to determine its present value and the fair value of any related assets is deducted. The calculation of benefits is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw from the offer of those benefits and when the Group recognises costs for a restructuring. If the benefits are payable more than 12 months after the reporting date, they are discounted to their present value.

Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

ACCOUNTING POLICIES continued

Fair value measurement continued

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Note 8 – Biological assets
- Note 36 – Financial assets and liabilities

Financial instruments

Financial instruments are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs when the Group becomes a party to the contractual arrangements. Subsequent to initial recognition, these instruments are measured in accordance with their classification as set out below.

Financial asset classification and measurement

Financial assets are classified into the following three principal categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and debt instruments at amortised cost. The classification depends on the contractual cash flow characteristics and the business models for managing the financial assets, and is determined at the time of initial recognition.

The Group does not have any financial assets at fair value through other comprehensive income.

Debt instruments, derivatives and equity instruments at fair value through profit or loss ("FVTPL")

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading, or (ii) it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

Debt instruments at amortised cost

Debt instruments at amortised cost (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Amortised cost is calculated considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial liability classification and measurement

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

ACCOUNTING POLICIES continued

Financial instruments continued

Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative instruments

The Group uses derivative financial instruments to manage its exposure to risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Subsequent to initial recognition, derivative instruments are measured at fair value through profit or loss. Fair value is determined by comparing the contracted rate to the current rate of an equivalent instrument with the same maturity date. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Hedging

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the cash flow hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the asset or liability. For other cash flow hedges, the cumulative amount is recognised in profit or loss in the period when the commitment or forecast transaction affects profit or loss.

Where the hedging instrument or hedge relationship is terminated or no longer meets the criteria for hedge accounting but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in profit or loss when the underlying transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in profit or loss immediately.

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to South African Rand, being the functional currency of the Company, at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to South African Rand at the exchange rates ruling at that date. Gains or losses on translation are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of all foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to South African Rand at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to South African Rand at approximate foreign exchange rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. The foreign currency translation reserve applicable to a foreign operation is released to profit or loss upon disposal of that foreign operation.

Impairment of non-financial assets

The carrying amounts of the Group's assets other than deferred tax assets, biological assets, inventories and financial assets which are separately assessed and provided against where necessary, are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated.

For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at least annually.

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. Subject to an operating segment ceiling test (before aggregation of segments), for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Impairment losses are recognised in profit or loss as a capital item, when the carrying amount exceeds the recoverable amount.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine a higher recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised, and when the indication of impairment no longer exists.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts, taking into account credit enhancements that are part of the contractual terms and that are not recognised separately by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Intangible assets

Intangible assets, excluding goodwill, acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite. Where the useful life of an intangible asset is assessed as indefinite, the intangible asset is not amortised, but is tested annually for impairment.

Subsequent expenditure on acquired intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, and expenditure on internally generated goodwill and brands, is recognised in profit or loss as an expense when incurred.

ACCOUNTING POLICIES continued

Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is based on the first-in-first-out method or a weighted average cost basis, whichever is applicable, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. The cost of items transferred from biological assets is their fair value less costs to sell at the date of transfer.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset is physically distinct, or if not physically distinct, the lessee has the right to use substantially all of the capacity of the asset during the lease term. If a contract contains more than one lease component, or a combination of leasing and selling transactions, the consideration is allocated to each of the lease and non-lease components on conclusion, and on each subsequent measurement, of the contract on the basis of their relative stand-alone selling prices.

Lessee

Leases are accounted for based on a right-of-use model. The model reflects that, at the commencement date, a lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term. The lessor conveys that right to use the underlying asset at lease commencement, which is the time when it makes the underlying asset available for use by the lessee.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The lease term also takes into account the likelihood of exercising a renewal option.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment regarding purchase of the underlying asset.

Variable lease payments

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

Certain of the Group's retail outlets are subject to contingent rentals which are determined with reference to the respective store's annual turnover. Turnover rentals are calculated as a percentage of the value of sales that exceed agreed targets, and expensed as part of variable lease payments when incurred.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

ACCOUNTING POLICIES continued

Leases continued

Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group currently does not have any finance leases.

Operating lease payments are recognised as income on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as income in the period in which they are earned.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment (including leasehold improvements), are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Vessels

Major vessel reconstructions are capitalised where such reconstructions extend the useful life of a vessel. The reconstruction is written off over the remaining expected useful life of the vessel.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value, over the estimated useful life. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation of an item of property, plant and equipment begins when it is available for use and ceases at the earlier of the date it is classified as held-for-sale or the date that it is derecognised upon disposal. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings 40 – 50 years
- Plant and machinery 3 – 20 years
- Vehicles – trucks 3 – 8 years
- other 3 – 5 years
- Vessels – hull 35 – 45 years
- aircraft 15 – 18 years
- other components 5 – 10 years
- Furniture and equipment 3 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Derecognition

The gain or loss arising from the derecognition of an item of property, plant and equipment, being the difference between the carrying amount and any proceeds received, is included in profit or loss when the item is derecognised.

ACCOUNTING POLICIES continued

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Revenue recognition

Revenue from contracts with customers mostly comprise the sale of goods, as well as the provision of services. Revenue is recognised when control of the goods or services is transferred to customers.

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, which is generally on delivery of the goods. However, for export sales, the transfer of control often takes place once goods are handed over to the shipping company.

Revenue from service transactions is recognised as the service is performed and control is transferred.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services, net of Value Added Tax and any consideration payable to customers for returns, discounts, rebates, cooperative advertising and other allowances.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated, however contracts generally comprise a single performance obligation. Where more than one performance obligation exists, the Group allocates the transaction price based on the relative stand-alone selling price of each performance obligation.

Based on payment terms agreed with customers, the Group expects to receive payment within less than a year of transferring goods or services, and therefore no significant financing component exists.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. Discounts, rebates, cooperative advertising and other allowances are treated as variable consideration. The variable consideration is estimated at contract inception based on the most likely amount and adjusted for in the transaction price accordingly. Variable consideration is mostly applicable to contracts for the sale of goods which include a right of return or volume rebate allowance. The variable consideration is calculated based on historical data and on trading terms contained in signed agreements with customers, along with the value of sales which have taken place over the relevant period.

Consideration payable to customers that is not distinct or separable from the goods or services in the contract is accounted for as a reduction of the transaction price. The Group in turn accounts for amounts payable to customers for returns, discounts, rebates, cooperative advertising and other trade allowances as a deduction against revenue, with recognition of a concomitant liability.

For expected returns, in addition to the recognition of a refund liability, a right-of-return asset (and corresponding adjustment to cost of sales) is recognised for the right to recover products from customers.

In terms of layby arrangements and the sale of gift cards within the Group's retail businesses, consideration is received from customers before the transfer of goods. In these instances, the consideration received is recorded as a contract liability, and later recognised as revenue when the Group performs under the contract.

When another party is involved in providing goods or services to customers, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and records revenue at the net amount that it retains for its agency services. In the majority of contracts with customers, the Group is the principal and records revenue on a gross basis.

ACCOUNTING POLICIES continued

Recognition of income from investments

Interest

Interest is recognised on a time proportion basis at an effective interest rate that takes into account the yield on the asset.

Share-based payment transactions

Group share-based payment transactions

Transactions in which a parent grants rights to its own equity instruments directly to the employees of its subsidiaries are classified as equity-settled in the financial statements of the parent. The subsidiary classifies these transactions as equity-settled in its financial statements where it has no obligation to settle the share-based payment transaction.

The subsidiary recognises the services acquired as a result of the share-based payment as an expense and recognises a corresponding increase in equity as a capital contribution from the parent for those services acquired. The parent recognises in equity the equity-settled share-based payment and recognises a corresponding increase in the investment in subsidiary.

Equity-settled

The fair value of share options granted to Group employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employee becomes unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to market conditions not being met.

Cash-settled

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employee becomes unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised in profit or loss.

BBBEE transactions

Where goods or services are considered to have been received from black economic empowerment partners as consideration for equity instruments of the Group, these transactions are accounted for as share-based payment transactions, even when the entity cannot specifically identify the goods or services received.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a change to equity. Repurchased shares held by subsidiaries are classified as treasury shares and presented as a deduction from total equity. The consideration received when own shares held by the Group are re-issued is presented as a change to equity and no profit or loss is recorded.

ACCOUNTING POLICIES continued

Taxation

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in other comprehensive income or equity.

Current taxation

Current taxation comprises tax payable calculated on the basis of the estimated taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable for previous years.

Deferred taxation

Deferred taxation is provided using the liability method based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Deferred taxation is charged to profit or loss except to the extent that it relates to a transaction that is recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity, or a business combination that is an acquisition, in which case it is recognised as an adjustment to goodwill. The effect on deferred taxation of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to other comprehensive income or equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividend withholding tax

Dividend withholding tax is a tax on shareholders receiving dividends. Shareholders who are not exempt from paying dividend tax are subject to dividend withholding tax at a rate of 20%. In terms of dividend tax legislation, the dividend tax amount is withheld and paid over to the South African Revenue Services by nominee companies, stockbrokers or the relevant Central Securities Depository Participant on behalf of shareholders. Dividends are recognised at the gross amount directly in equity.

Uncertainty over income tax treatments

Where there is uncertainty regarding the tax treatment of an item, the Group discloses the judgements made in determining the respective tax position as well as information regarding any assumptions and estimates made. The Group recognises liabilities for anticipated uncertain positions based on the best estimate of whether additional income taxes will be due.

BALANCE SHEET

as at 30 June 2025	Notes	2025 R'm	2024 R'm
ASSETS			
Non-current assets			
Property, plant and equipment	1	3 421,1	3 248,3
Right-of-use assets	2	463,5	466,9
Intangible assets and goodwill	3	940,3	943,0
Investments in joint ventures	4	0,1	10,8
Other long-term assets	5	22,5	21,7
Deferred taxation	6	58,6	71,2
		4 906,1	4 761,9
Current assets			
Inventories	7	2 784,3	2 698,6
Biological assets	8	343,0	356,4
Other financial assets including derivatives	16	13,7	63,1
Current tax assets	26	9,3	6,5
Trade and other receivables	9	2 146,3	2 070,3
Cash and cash equivalents	10	294,5	352,9
		5 591,1	5 547,8
Total assets		10 497,2	10 309,7
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	16,3	16,3
Share premium	11	263,1	263,1
Treasury shares	11	(75,8)	(75,8)
I&J BBBEE shareholders		(106,6)	(106,6)
Reserves	12	461,9	354,2
Retained earnings		4 788,0	5 333,7
Total equity		5 346,9	5 784,9
Non-current liabilities			
Cash-settled share-based payment liabilities	32, 33	17,5	15,2
Lease liabilities	13	417,8	404,9
Employee benefit liabilities	14	300,0	334,8
Deferred taxation	6	388,0	394,9
		1 123,3	1 149,8
Current liabilities			
Current borrowings including short-term portion of lease liabilities	15	2 139,9	1 367,2
Other financial liabilities including derivatives	16	38,9	29,7
Trade and other payables	17	1 816,5	1 936,2
Current tax liabilities	26	31,7	41,9
		4 027,0	3 375,0
Total equity and liabilities		10 497,2	10 309,7

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2025	Notes	2025 R'm	2024 R'm
Revenue	18	16 021,5	15 862,3
Cost of sales		(9 184,0)	(9 248,9)
Gross profit		6 837,5	6 613,4
Selling and administrative expenses, including other income		(3 275,6)	(3 308,8)
Operating profit before capital items	19	3 561,9	3 304,6
Interest received	20	10,1	14,8
Finance costs	21	(236,8)	(199,3)
Share of equity-accounted losses of joint venture	22	(0,3)	(3,2)
Capital items	23	11,1	(20,7)
Profit before taxation		3 346,0	3 096,2
Taxation	24	(916,3)	(838,5)
Profit for the year		2 429,7	2 257,7
Other comprehensive loss, net of tax		(19,7)	(1,8)
Items that are or may subsequently be reclassified to profit or loss			
Foreign currency translation differences	12	(3,1)	(23,9)
Cash flow hedging reserve	12	(43,4)	47,5
Taxation on items that are or may subsequently be reclassified to profit or loss		11,7	(12,8)
Items that will never be reclassified to profit or loss			
Actuarial gain/(loss) recognised	12	20,7	(17,3)
Taxation on items that will never be reclassified to profit or loss		(5,6)	4,7
Total comprehensive income for the year		2 410,0	2 255,9
Profit attributable to:			
Owners of AVI		2 429,7	2 257,7
		2 429,7	2 257,7
Total comprehensive income attributable to:			
Owners of AVI		2 410,0	2 255,9
		2 410,0	2 255,9
Basic earnings per share (cents)	29	732,6	682,5
Diluted earnings per share (cents)	29	721,2	675,5

Details of the headline earnings and dividends declared per ordinary share are provided in Notes 29 and 30 to the financial statements, on pages 55 and 56.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2025	Notes	2025 R'm	2024 R'm
Cash flows from operating activities			
Cash generated by operations	25	3 985,8	3 778,3
Interest paid	21	(236,8)	(199,3)
Taxation paid	26	(892,4)	(910,2)
Net cash available from operating activities		2 856,6	2 668,8
Cash flows from investing activities			
Interest received	20	10,1	14,8
Acquisition of property, plant and equipment	1	(601,0)	(476,5)
Acquisition of intangible assets	3	(8,7)	(25,8)
Proceeds from disposals of property, plant and equipment		12,9	16,5
Other cash flows from/(to) investments	27	22,0	(1,3)
Net cash utilised in investing activities		(564,7)	(472,3)
Cash flows from financing activities			
Short-term funding raised/(repaid)	28	777,2	(471,9)
Lease liabilities repaid	28	(150,6)	(148,3)
Payment to I&J BBBEE shareholders		(0,6)	–
Ordinary dividends paid	30	(2 037,3)	(1 709,8)
Special dividend paid	30	(938,1)	–
Net cash utilised in financing activities		(2 349,4)	(2 330,0)
Decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		352,9	494,9
Net decrease as a result of the translation of the cash equivalents of foreign subsidiaries		(0,9)	(8,5)
Cash and cash equivalents at end of year	10	294,5	352,9

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital and premium R'm	Treasury shares R'm	Reserves R'm	Retained earnings R'm	I&J BBBEE shareholders R'm	Total equity R'm
for the year ended 30 June 2025							
Balance at beginning of year		279,4	(75,8)	354,2	5 333,7	(106,6)	5 784,9
Total comprehensive income for the year							
Profit for the year		-	-	-	2 429,7	-	2 429,7
Other comprehensive loss							
Foreign currency translation differences		-	-	(3,1)	-	-	(3,1)
Actuarial gain recognised, net of tax		-	-	15,1	-	-	15,1
Cash flow hedging reserve, net of tax		-	-	(31,7)	-	-	(31,7)
<i>Total other comprehensive loss for the year</i>		-	-	(19,7)	-	-	(19,7)
Total comprehensive income for the year		-	-	(19,7)	2 429,7	-	2 410,0
Transactions with owners recorded directly in equity							
Contributions by and distributions to owners							
Share-based payments	32.3	-	-	102,4	-	-	102,4
Deferred taxation on Group share scheme recharge		-	-	25,0	-	-	25,0
Dividends paid	30	-	-	-	(2 975,4)	-	(2 975,4)
<i>Total contributions by and distributions to owners</i>		-	-	127,4	(2 975,4)	-	(2 848,0)
Balance at end of year		279,4	(75,8)	461,9	4 788,0	(106,6)	5 346,9

	Notes	Share capital and premium R'm	Treasury shares R'm	Reserves R'm	Retained earnings R'm	I&J BBBEE shareholders R'm	Total equity R'm
for the year ended 30 June 2024							
Balance at beginning of year		279,4	(75,8)	234,1	4 785,8	(106,6)	5 116,9
Total comprehensive income for the year							
Profit for the year		-	-	-	2 257,7	-	2 257,7
Other comprehensive loss							
Foreign currency translation differences		-	-	(23,9)	-	-	(23,9)
Actuarial loss recognised, net of tax		-	-	(12,6)	-	-	(12,6)
Cash flow hedging reserve, net of tax		-	-	34,7	-	-	34,7
<i>Total other comprehensive loss for the year</i>		-	-	(1,8)	-	-	(1,8)
Total comprehensive income for the year		-	-	(1,8)	2 257,7	-	2 255,9
Transactions with owners recorded directly in equity							
Contributions by and distributions to owners							
Share-based payments	32.3	-	-	98,0	-	-	98,0
Deferred taxation on Group share scheme recharge		-	-	23,9	-	-	23,9
Dividends paid	30	-	-	-	(1 709,8)	-	(1 709,8)
<i>Total contributions by and distributions to owners</i>		-	-	121,9	(1 709,8)	-	(1 587,9)
Balance at end of year		279,4	(75,8)	354,2	5 333,7	(106,6)	5 784,9

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2025

1. Property, plant and equipment

	Land R'm	Buildings R'm	Plant and machinery R'm	Vehicles, furniture and equipment R'm	Vessels R'm	Total R'm
2025						
Cost						
At beginning of year	86,6	922,8	3 640,0	1 274,9	1 200,5	7 124,8
Additions	–	63,4	181,7	140,6	215,3	601,0
Disposals	–	(0,1)	(41,8)	(87,9)	(18,2)	(148,0)
Effect of movement in exchange rates	–	–	(0,1)	(0,4)	–	(0,5)
At end of year	86,6	986,1	3 779,8	1 327,2	1 397,6	7 577,3
Accumulated depreciation and impairment losses						
At beginning of year	–	284,8	2 041,3	867,4	683,0	3 876,5
Disposals	–	(0,1)	(38,9)	(79,2)	(16,8)	(135,0)
Effect of movement in exchange rates	–	–	(0,1)	(0,2)	–	(0,3)
Depreciation	–	26,1	196,3	102,4	89,7	414,5
Impairment loss	–	–	–	0,5	–	0,5
At end of year	–	310,8	2 198,6	890,9	755,9	4 156,2
Net carrying value						
At beginning of previous year	86,6	630,1	1 511,6	400,0	555,9	3 184,2
At end of previous year	86,6	638,0	1 598,7	407,5	517,5	3 248,3
At end of current year	86,6	675,3	1 581,2	436,3	641,7	3 421,1
2024						
Cost						
At beginning of year	86,6	895,7	3 475,8	1 255,0	1 170,2	6 883,3
Additions	–	30,1	290,2	118,0	38,2	476,5
Disposals	–	(2,8)	(125,3)	(94,0)	(7,9)	(230,0)
Effect of movement in exchange rates	–	(0,2)	(0,7)	(4,1)	–	(5,0)
At end of year	86,6	922,8	3 640,0	1 274,9	1 200,5	7 124,8
Accumulated depreciation and impairment losses						
At beginning of year	–	265,6	1 964,2	855,0	614,3	3 699,1
Disposals	–	(2,3)	(102,7)	(81,6)	(7,0)	(193,6)
Effect of movement in exchange rates	–	–	(0,4)	(2,9)	–	(3,3)
Depreciation	–	21,5	180,0	96,9	75,7	374,1
Impairment loss	–	–	0,2	–	–	0,2
At end of year	–	284,8	2 041,3	867,4	683,0	3 876,5
Net carrying value						
At beginning of previous year	86,6	638,9	1 461,2	350,4	567,9	3 105,0
At end of previous year	86,6	630,1	1 511,6	400,0	555,9	3 184,2
At end of current year	86,6	638,0	1 598,7	407,5	517,5	3 248,3
		2025	2024			
		R'm	R'm			
Land comprises:						
Freehold	86,6		86,6			

- The current estimated useful lives of property, plant and equipment are reflected under accounting policies on page 30.
- The estimated useful lives and residual values are reviewed annually, taking cognisance of forecast commercial and economic realities, historical usage of similar assets and input from original equipment manufacturers on plant and machinery.
- Expenditure on property, plant and equipment in the course of construction and included above at 30 June 2025 was R143,4 million (2024: R184,4 million).
- Capital commitments, excluding capitalised interest, of R139,6 million (2024: R210,8 million) have been entered into at year end. These include all projects for which specific Board approval has been obtained (Note 31).
- Impairment losses of R0,5 million arose due to identified obsolescence of, damage to and underperformance of items of plant and machinery (2024: R0,2 million).
- A register containing details of properties is available for inspection by shareholders or their duly authorised agents during business hours at the registered office of the Company.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

2. Right-of-use assets

	Retail stores and storerooms R'm	Other commercial and industrial sites R'm	Total R'm
2025			
Carrying value at 1 July 2024	244,2	222,7	466,9
Effect of movement in exchange rates	–	(0,5)	(0,5)
Additions for new leases and lease renewals	139,5	11,4	150,9
Impact of lease modifications and remeasurements	9,1	(0,7)	8,4
Depreciation	(117,9)	(43,5)	(161,4)
Impairment charge	(0,8)	–	(0,8)
Carrying value at 30 June 2025	274,1	189,4	463,5

	Retail stores and storerooms R'm	Other commercial and industrial sites R'm	Total R'm
2024			
Carrying value at 1 July 2023	258,5	224,7	483,2
Effect of movement in exchange rates	–	(3,0)	(3,0)
Additions for new leases and lease renewals	112,8	19,0	131,8
Impact of lease modifications and remeasurements	(6,3)	24,5	18,2
Depreciation	(120,8)	(42,5)	(163,3)
Carrying value at 30 June 2024	244,2	222,7	466,9

Right-of-use assets mostly relate to retail stores which are leased by the Group's retail businesses. The Group also leases a number of other commercial and industrial sites. Right-of-use assets are effectively ceded as security for concomitant lease liabilities (Note 13) as the rights to the leased assets revert to the lessor in the event of default.

Impairment losses of R0,8 million arose relating to Green Cross retail store closures (2024: nil).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

3. Intangible assets and goodwill

	Goodwill R'm	Fishing rights R'm	Trademarks R'm	Customer relationships and contracts R'm	Computer software R'm	Total R'm
2025						
Cost						
At beginning of year	489,2	8,4	874,1	1,1	243,1	1 615,9
Additions*	–	0,4	1,6	–	6,7	8,7
Disposals	–	–	(5,8)	–	(1,1)	(6,9)
Effect of movement in exchange rates	–	–	–	–	–	–
At end of year	489,2	8,8	869,9	1,1	248,7	1 617,7
Accumulated amortisation and impairment losses						
At beginning of year	12,2	1,4	446,9	1,1	211,3	672,9
Disposals	–	–	(5,8)	–	(1,1)	(6,9)
Effect of movement in exchange rates	–	–	–	–	–	–
Amortisation	–	0,6	3,2	–	7,6	11,4
At end of year	12,2	2,0	444,3	1,1	217,8	677,4
Net carrying value						
At beginning of previous year	477,0	7,1	424,2	–	19,4	927,7
At end of previous year	477,0	7,0	427,2	–	31,8	943,0
At end of current year	477,0	6,8	425,6	–	30,9	940,3
2024						
Cost						
At beginning of year	489,2	8,0	868,2	1,1	227,2	1 593,7
Additions*	–	0,4	5,9	–	19,5	25,8
Disposals	–	–	–	–	(3,3)	(3,3)
Effect of movement in exchange rates	–	–	–	–	(0,3)	(0,3)
At end of year	489,2	8,4	874,1	1,1	243,1	1 615,9
Accumulated amortisation and impairment losses						
At beginning of year	12,2	0,9	444,0	1,1	207,8	666,0
Disposals	–	–	–	–	(3,2)	(3,2)
Effect of movement in exchange rates	–	–	–	–	(0,3)	(0,3)
Amortisation	–	0,5	2,9	–	7,0	10,4
At end of year	12,2	1,4	446,9	1,1	211,3	672,9
Net carrying value						
At beginning of previous year	477,0	7,0	422,2	–	30,8	937,0
At end of previous year	477,0	7,1	424,2	–	19,4	927,7
At end of current year	477,0	7,0	427,2	–	31,8	943,0

* Capitalisation of fishing rights application costs, computer software, purchase of trademarks and trademark registration costs.

Useful lives

The fishing rights are amortised over a period of 15 years.

Computer software is amortised over a period of 2 to 10 years.

The majority of trademarks are considered to have indefinite useful lives as they relate to well-established brands that are expected to generate cash flows indefinitely. This assessment is supported by the strength and longevity of the brands, ongoing marketing support, and the absence of legal, regulatory or commercial factors limiting their useful life. A portion of trademarks, including certain brand and trademark registrations, with a net book value of R17,9 million (2024: R19,4 million), are assessed to have finite useful lives and are amortised over periods ranging between 5 and 10 years.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

3. Intangible assets and goodwill continued

Cash-generating units containing goodwill and trademarks

The following units have significant carrying amounts of goodwill and trademarks, net of impairment losses:

	Goodwill		Trademarks		Total	
	2025 R'm	2024 R'm	2025 R'm	2024 R'm	2025 R'm	2024 R'm
Spitz	449,2	449,2	69,5	69,5	518,7	518,7
Carvela	–	–	71,3	71,3	71,3	71,3
Kurt Geiger	–	–	15,3	15,3	15,3	15,3
Yardley	–	–	29,6	29,3	29,6	29,3
Lentheric	–	–	41,8	43,0	41,8	43,0
Exclamation	–	–	120,6	120,7	120,6	120,7
House of Coffees	15,3	15,3	33,6	33,6	48,9	48,9
Baker Street Snacks	12,5	12,5	–	–	12,5	12,5
Multiple units without significant balances	–	–	43,9	44,5	43,9	44,5
	477,0	477,0	425,6	427,2	902,6	904,2

Goodwill arises on the acquisition of assets that did not meet the criteria for recognition as intangible assets at the date of acquisition.

Impairment tests

The carrying amounts of goodwill and trademarks with indefinite useful lives are reviewed at least annually for impairment. The recoverable amount of goodwill and trademarks is their value in use which is calculated using the discounted cash flow model, taking into account the forecast profits of the cash-generating units they form part of. Management forecasts typically cover a five-year period and thereafter a reasonable rate of growth is applied based on market conditions. Revenue and profit growth assumptions are based on budgets, business plans and historical performance, taking into account the economic and political environment. Discount rates used in the discounted cash flow models are based on a weighted average cost of capital of similar businesses in the same sector and of similar size and range between 12,1% and 16,5% (2024: 12,9% and 17,3%) depending on the business' risk profile. Perpetuity growth rates were set at 5,0% (2024: at 5,5%). No impairment losses arose in the current year nor in the prior year.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

4. Investments in joint ventures

	2025 R'm	2024 R'm
Group carrying value of joint venture		
Share of post-acquisition reserves	0,1	10,8
Carrying value	0,1	10,8

The above investment relates to Irvin & Johnson Limited's squid fishing joint venture incorporated in Umsobomvu Fishing Proprietary Limited ("Umsobomvu").

In line with I&J's objective to simplify and focus on core operations, the two shareholders of the joint venture entered into an agreement to sell all five of the vessels together with the squid fishing rights held by the joint venture for a total purchase consideration of R53,3 million. The agreement was dependent on certain suspensive conditions, most notably the approval of the transfer of the fishing rights by the Department of Forestry, Fisheries and Environment ("DFFE"). The suspensive conditions and completion actions were finalised during July 2024, with funds being paid to the joint venture, and consequently the sale transaction has been recognised resulting in a capital profit after taxation of R12,6 million.

During August 2024 and June 2025, dividends were declared and paid to the shareholders, of which I&J Limited received R20,5 million and R2,5 million, respectively.

5. Other long-term assets

	2025 R'm	2024 R'm
Contributions to Enterprise and Supplier Development initiatives	21,9	20,9
Operating lease straight-line assets	0,6	0,8
Total non-current other long-term assets	22,5	21,7

Contributions made to Enterprise and Supplier Development initiatives are loans which are unsecured and have varying terms of repayment of between three and five years depending on the performance of the underlying investment. The contributions made qualify in terms of the BBBEE Amended Codes of Good Practice as contemplated in the Broad-Based Black Economic Empowerment Act.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

6. Deferred taxation

	2025 R'm	2024 R'm
Balance at beginning of year, being a net liability	323,7	370,0
Charge to profit or loss	36,8	(30,8)
– current year temporary differences	36,3	(27,6)
– prior year under/(over) provision	0,5	(3,2)
Effect of movement in exchange rates	–	0,3
Reserve movements in respect of actuarial gains/(losses) recognised directly in other comprehensive income	5,6	(4,7)
Reserve movements in respect of cash flow hedging recognised directly in other comprehensive income	(11,7)	12,8
Reserve movements in respect of Group share scheme recharge arrangements	(25,0)	(23,9)
Balance at end of year, being a net liability	329,4	323,7
Balance at end of year comprises:		
Accelerated capital allowances	468,3	475,3
Temporary differences on trademarks	63,9	59,1
Provisions and other temporary differences:	(119,3)	(144,1)
– post-retirement medical aid	(83,7)	(87,5)
– leave pay and bonus accruals	(79,0)	(122,1)
– other deductible temporary differences	43,4	65,5
Cash flow hedge reserve	(6,1)	5,6
Group share scheme recharge	(51,4)	(45,0)
Right-of-use assets and related lease liabilities	(23,6)	(20,5)
Unused tax losses	(2,4)	(6,7)
	329,4	323,7
Reflected as:		
Deferred taxation asset	58,6	71,2
Deferred taxation liability	388,0	394,9

Deferred tax assets recognised on unused tax losses, except as noted below, were recognised as management considered it probable that future taxable profits will be available against which they can be utilised. The probable utilisation of the losses, based on budgeted and forecast results of subsidiary companies, is within three to five years depending on the stability of the businesses. The tax losses do not expire under current tax legislation.

	2025 R'm	2024 R'm
The estimated losses which are available for the reduction of future taxable income	63,2	71,2
Less: Estimated losses taken into account in calculating deferred taxation	(9,0)	(24,8)
Shareholders' interest in the estimated tax losses not yet recognised	54,2	46,4

Deferred tax assets have not been recognised in respect of those losses where it is not probable, under current circumstances, that future taxable income will be available to utilise the benefits in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

7. Inventories

	2025 R'm	2024 R'm
Raw materials	854,9	764,9
Consumable stores	406,3	367,0
Work-in-progress	61,8	73,7
Manufactured finished goods	680,6	728,5
Merchandise – finished goods purchased for resale	780,7	764,5
	2 784,3	2 698,6

There were no material inventory write-offs in the current nor in the prior year.

8. Biological assets

Balance at beginning of year	356,4	348,2
Increase due to farming costs	125,9	124,7
Decreases due to harvest	(166,9)	(173,3)
Gains arising from change in fair value due to physical change	53,1	72,7
Gains arising from change in fair value due to price changes (including exchange rate movements)	(29,2)	(12,2)
Provisions utilised/(raised) against biological assets	3,7	(3,7)
Balance at end of year	343,0	356,4

	Kilograms	Kilograms
Standing volume	688 190	702 581
Volume harvested in current year	408 182	383 573

Biological assets comprise abalone farmed by I&J.

Measurement of fair value

The fair value measure for abalone of R343,0 million (2024: R356,4 million) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. The following valuation techniques and significant inputs were used to measure the Level 3 inputs. These techniques are consistent with those of the prior year.

Valuation technique

The Group adopts a combination of the market comparison and cost techniques in determining the fair value of abalone, based on the marketable size of the animal. The market comparison model is based on the current market price of abalone which takes cognisance of the animal size and format, less costs to sell. In the case of smaller animals (less than 30g) where no active market exists, the cost technique is adopted and considers the estimated cost per animal taking into account operational costs incurred and the number of animals in the smaller class range.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

8. Biological assets continued

Measurement of fair value continued

Unobservable inputs and the relationship to fair value measurement

Unobservable inputs	Relationship of unobservable input to fair value
<ul style="list-style-type: none"> Cost per animal in the smaller range, determined by the operational costs and the number of animals in the smaller class range. 	The estimated fair value of animals smaller than 30g would increase if the cost per animal, determined by the operational costs, were higher. The inverse applies in respect of a reduction in operational costs.
<ul style="list-style-type: none"> Current market price for the size classes where a principal active market exists. 	An increase in the current market price, which is based in USD, would increase the fair value of the biological asset. In addition, a devaluation of the ZAR against the USD would result in an increase in the fair value. The inverse applies to decreases in market pricing and a strengthening of the ZAR against the USD.
<ul style="list-style-type: none"> The current stock holding in tonnes of the different size classes. 	The estimated fair value would increase if the size and volume of abalone on hand were higher. The inverse applies in respect of a reduction in the size and volume of abalone on hand.
<ul style="list-style-type: none"> The changes in the operational costs to sell. 	Operational costs to sell include costs associated with mortality, yield loss, packaging costs, processing costs as well as international freight costs. An increase in the operational costs to sell would result in a reduction in the fair value. The inverse applies to any reduction in the operational costs to sell.
<ul style="list-style-type: none"> Growth rates of abalone determined on a monthly moving average in millimetres to grams ratio. 	The estimated fair value would increase if growth rates were to increase in line with the associated increase in size and volume of abalone on hand. The inverse applies in respect of a reduction in the growth rates.

Assumptions for most significant unobservable inputs	2025	2024
Exchange rate applied		
– ZAR:USD	R17,75	R18,19
Abalone USD market pricing ranges:		
– 30g to 150g	\$24,00 – \$43,00	\$25,50 – \$43,00
– 150g or above	\$43,50 – \$44,50	\$43,50 – \$44,50

Assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in significant inputs used in the valuation of abalone. The sensitivity analysis demonstrates the increase/(decrease) in the biological asset valuation that could result from a change in these assumptions:

	2025 R'm	2024 R'm
Currency		
– A 10% weakening of the ZAR to the USD	29,2	31,1
– A 10% strengthening of the ZAR to the USD	(29,2)	(31,1)
Market selling prices*		
– A 10% increase in USD market selling prices	31,3	35,1
– A 10% decrease in USD market selling prices	(31,3)	(35,1)
Biomass weight**		
– A 10% increase in the biomass weight	34,3	36,0
– A 10% decrease in the biomass weight	(34,3)	(36,0)

* Assumes currency remains unchanged and aligned with the year-end assumption.

** Assumes size class mix of animals remains in line with the actual closing size mix applied in determination of year-end biological asset value.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

8. Biological assets continued

Risk management strategy related to aquaculture activities

Currency risks

I&J is subject to changes in the exchange rate as abalone sales prices are denominated in US Dollars and biological assets are measured at fair value which is also based on the US Dollar market price. The Group's currency risk management is described in Note 35.5.

Process risks

Abalone farming relies on a living environment which simulates natural conditions. This calls for a continuous supply of water and oxygen to the growing areas. A potential shortage of electrical supply to drive the key equipment is mitigated by failsafe back-up power generators.

Critical equipment such as pumps for water flow and fans for oxygen are monitored by sophisticated alarm systems.

Extensive security measures are in place to protect against theft while abalone is growing, being processed and being transported.

Comprehensive fixed asset insurance is in place, whilst livestock insurance covers losses due to theft, accident or transport claims from the point of harvest.

Disease risks

Disease risk is mitigated via a comprehensive biosecurity protocol applied at all levels on the farm. The farm is divided into separate flow-through zones which allows for quarantine and separation should such a risk arise.

Daily monitoring of the water condition and organisms is part of the biosecurity plan.

I&J Dangerpoint farm is part of a specialist vet health monitoring programme where frequent assessments are done to verify the condition of the abalone stock and potentially provide an early warning of disease risk.

Natural seasonal events could give rise to algal blooms in the ocean, which can be a potential risk to animal health. This is mitigated by an algal bloom protocol, which includes the activation of a recirculation and filtration plan to dilute the algal bloom concentration.

9. Trade and other receivables

	2025 R'm	2024 R'm
Trade receivables	2 017,1	1 944,0
Indirect taxation	45,7	43,7
Prepayments	52,9	45,7
Other receivables	30,6	36,9
	2 146,3	2 070,3
The trade receivables balance is made up of:		
Gross trade debtors consideration	2 667,4	2 626,9
Allowances for credit notes, discounts and other trading terms	(645,9)	(678,3)
Impairment loss allowance	(4,4)	(4,6)
	2 017,1	1 944,0

Refer to Note 35.3 for a reconciliation of the impairment loss allowance.

Trade accounts are non-interest bearing and are generally on terms of 30 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

10. Cash and cash equivalents

	2025 R'm	2024 R'm
Bank balances (current accounts)	183,2	191,8
Controlled Foreign Currency (CFC) accounts	111,0	160,7
Petty cash	0,3	0,4
Total cash and cash equivalents	294,5	352,9

11. Share capital and premium

	2025 R'm	2024 R'm
Share capital		
Authorised		
Ordinary share capital		
960 000 000 (2024: 960 000 000) ordinary shares of 5 cents each	48,0	48,0
Total authorised share capital	48,0	48,0
Issued		
340 146 466 (2024: 338 965 477) ordinary shares of 5 cents each	16,3	16,3
Total issued share capital	16,3	16,3
Share premium		
Balance at end of year	263,1	263,1
Total issued share capital and premium	279,4	279,4
Treasury shares		
Balance at end of year	(75,8)	(75,8)

	2025 Number	2024 Number
The number of ordinary shares in issue is as follows:		
Total issued shares	340 146 466	338 965 477
Less: Shares held by the Company's share trusts and subsidiary, and restricted shares held by participants of the AVI Limited Deferred Bonus Share Plan (Note 32)	(7 994 118)	(8 015 107)
	332 152 348	330 950 370

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

12. Reserves

	2025 R'm	2024 R'm
The balance at end of year comprises:		
Cash flow hedging reserve	(16,5)	15,2
Actuarial reserve	48,1	33,0
Foreign currency translation reserve	(53,7)	(50,6)
Share-based payment reserve	857,5	730,1
Share buy-back reserve	(373,5)	(373,5)
	461,9	354,2

Cash flow hedging reserve

The reserve represents the Group's portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions falling due in the future.

Actuarial reserve

The reserve comprises the cumulative actuarial gains/losses in respect of the Group's post-retirement medical aid liability which have been recognised directly in other comprehensive income after taxation. Realisation of this reserve will not be reclassified to profit or loss.

Foreign currency translation reserve

The reserve comprises the cumulative foreign exchange differences arising as a result of the translation of foreign operations.

Share-based payment reserve

The reserve comprises the fair value of equity instruments granted to Group employees, net of tax on deductible recharges. The fair value of the instruments are measured at grant date using generally accepted valuation techniques after taking into account the terms and conditions upon which the instruments were granted.

Share buy-back reserve

The reserve represents the reversal of share premium relating to the delisting and cancellation of treasury shares.

13. Lease liabilities

	2025 R'm	2024 R'm
Lease liabilities	551,3	542,9
Less: portion repayable within one year included in current borrowings (Note 15)	(133,5)	(138,0)
Lease liabilities (Non-current portion)	417,8	404,9

Lease liabilities mostly relate to the Group's retail businesses which lease all their retail stores. The Group also leases a number of other commercial and industrial sites. Lease liabilities represent the financial obligation of the Group to make lease payments to landlords to use the underlying leased premises, or right-of-use assets, during the lease term. The majority of retail leases cover a period of three to five years and some include an option to renew on expiry. The lease term includes this renewal period if the Group is reasonably certain it will exercise the renewal option, taking into account factors such as store location, historical store performance and the value of lease payments in the renewal period. Further to this, the likelihood of exercising a termination option, if applicable, is considered in determining the lease term.

The discount rate used to determine the present value of future lease payments is generally based on the lessee's incremental borrowing rate, as in most instances, the interest rate implicit in the lease cannot be readily determined. The discount rate applied to new leases concluded during the year varied between 9,39% and 10,88% (2024: 9,86% and 11,00%).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

13. Lease liabilities continued

Total cash outflow for leases in the current period

	2025 R'm	2024 R'm
Finance costs (Note 21)	45,4	41,8
Capital portion	150,6	148,3
Total cash outflow for leases	196,0	190,1

The cost relating to variable lease payments, short-term leases and leases of low-value assets is disclosed as part of Note 19.

The maturity analysis of lease liabilities is disclosed in Note 35.4.

No commitments for variable lease payments have been disclosed due to these being subject to the fulfilment of specific conditions which are uncertain at reporting date.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

14. Employee benefit liabilities

	2025 R'm	2024 R'm
Post-retirement medical aid obligation	309,9	323,8
Earnings-linked performance bonus liabilities	62,6	96,3
I&J Black Staff Employee Benefit Scheme liability (Note 33)	2,3	2,1
	374,8	422,2
Amount payable within one year included in trade and other payables (Note 17)	(74,8)	(87,4)
	300,0	334,8
Post-retirement medical aid obligation		
Reconciliation of benefit obligation recognised on the balance sheet		
Balance at beginning of year	323,8	303,1
Recognised in profit or loss – operating profit	37,1	35,0
– Current service cost	0,7	0,7
– Interest cost	36,4	34,3
Actuarial (gain)/loss recognised in other comprehensive income	(20,7)	17,3
Contributions paid	(30,3)	(31,6)
Balance at end of year	309,9	323,8
Actuarial gain recognised directly in other comprehensive income		
Net cumulative amount at beginning of year	(33,0)	(45,6)
Recognised during the year	(20,7)	17,3
Deferred tax thereon	5,6	(4,7)
Net cumulative amount at end of year	(48,1)	(33,0)

The Group has an obligation to provide certain post-retirement medical aid benefits to certain eligible employees and pensioners. The entitlement to these benefits for current employees is dependent upon the employee remaining in service until retirement age. The post-retirement medical aid contributions liability is based on an actuarial valuation.

The principal actuarial assumptions used were:

	2025 %	2024 %
Discount rate	10,5	11,9
Medical inflation	7,0	8,4

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

14. Employee benefit liabilities continued

Assumed healthcare cost inflation rates have a significant effect on the actuarially determined defined benefit obligation. A one percentage point change in assumed healthcare cost inflation rates would have the following effects:

	One percentage point increase R'm	One percentage point decrease R'm
Increase/(decrease) in the present value of the actuarially determined defined benefit obligation	24,4	(21,2)
Increase/(decrease) in the aggregate service and interest cost	2,6	(2,3)

15. Current borrowings including short-term portion of lease liabilities

	2025 R'm	2024 R'm
Short-term borrowings	2 006,4	1 229,2
Current portion of lease liabilities (Note 13)	133,5	138,0
	2 139,9	1 367,2

Interest on short-term borrowings is calculated daily at the daily borrowing rate applicable and payable monthly.

16. Other financial assets/liabilities including derivatives

	2025 R'm	2024 R'm
Forward exchange contract derivative assets	12,9	61,0
Fuel swap derivative assets	0,8	2,1
Other financial assets including derivatives	13,7	63,1
Forward exchange contract derivative liabilities	35,4	27,9
Fuel swap derivative liabilities	3,5	1,8
Other financial liabilities including derivatives	38,9	29,7

17. Trade and other payables

	2025 R'm	2024 R'm
Trade payables	1 046,5	1 154,6
Customer contract liabilities	31,4	30,9
Employee-related provisions	295,4	358,9
Employee benefits falling due within one year (Note 14)	74,8	87,4
Other payables and accrued expenses	368,4	304,4
	1 816,5	1 936,2

Terms and conditions of significant trade and other payables:

- Trade accounts are non-interest bearing and are normally settled within one month.
- Other payables and accrued expenses are non-interest bearing and are normally settled within six months.

Customer contract liabilities relate to cash received in advance from customers for layby sales and gift card purchases within the Group's retail businesses. Total revenue recognised from completed layby sales and redeemed gift cards for the year is R404,7 million (2024: R426,1 million).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

18. Revenue

	2025 R'm	2024 R'm
Revenue from contracts with customers comprises the following:		
– Sale of goods	15 847,4	15 681,4
– Services, fees, commissions and royalties	174,1	180,9
Total	16 021,5	15 862,3

Disaggregation of revenue

Disaggregation of revenue from contracts with customers (“revenue”) into categories that depict the nature, amount, timing and uncertainty of revenue.

The following table sets out revenue by geographical market:

Geographical market	2025								Total R'm
	Entyce Beverages R'm	Snackworks R'm	I&J R'm	Personal Care R'm	Footwear & Apparel R'm	Corporate R'm	Consolidation R'm		
South Africa	4 719,9	4 948,8	827,7	844,9	1 607,8	175,0	(175,0)		12 949,1
Other African countries	568,1	627,3	54,0	79,4	11,4	–	–		1 340,2
Europe	1,1	6,3	1 227,5	–	–	–	–		1 234,9
Rest of the world	9,3	29,4	458,6	–	–	–	–		497,3
Total	5 298,4	5 611,8	2 567,8	924,3	1 619,2	175,0	(175,0)		16 021,5

Geographical market	2024								Total R'm
	Entyce Beverages R'm	Snackworks R'm	I&J R'm	Personal Care R'm	Footwear & Apparel R'm	Corporate R'm	Consolidation R'm		
South Africa	4 457,4	4 932,0	830,7	935,8	1 739,6	179,9	(179,9)		12 895,5
Other African countries	557,4	629,4	61,2	86,7	17,7	–	–		1 352,4
Europe	6,8	10,9	1 122,4	–	–	–	–		1 140,1
Rest of the world	3,8	25,6	444,9	–	–	–	–		474,3
Total	5 025,4	5 597,9	2 459,2	1 022,5	1 757,3	179,9	(179,9)		15 862,3

The majority of revenue comprises revenue from the sale of goods. Less than 2% (2024: less than 2%) of total revenue comprises income arising from service agreements, rental agreements and trademark licence agreements.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

19. Operating profit before capital items

	2025 R'm	2024 R'm
In arriving at operating profit before capital items, the following have been taken into account:		
Amortisation	11,4	10,4
– fishing rights	0,6	0,5
– computer software	7,6	7,0
– trademarks	3,2	2,9
Depreciation of property, plant and equipment	414,5	374,1
– buildings	26,1	21,5
– plant, equipment and vehicles	298,7	276,9
– vessels	89,7	75,7
Depreciation of right-of-use assets	161,4	163,3
– retail stores and storerooms	117,9	120,8
– other commercial and industrial sites	43,5	42,5
Total depreciation (included in both cost of sales and selling and administrative expenses)	575,9	537,4
Total depreciation and amortisation	587,3	547,8
Auditor's remuneration		
– fees for audit	13,6	13,1
– fees for other services	0,5	0,7
– taxation services and consultations	0,1	0,1
– other	0,4	0,6
Employment costs (Note 32)	3 479,5	3 431,7
Lease expenses	15,3	17,0
– variable lease payments – turnover rental	3,4	4,3
– short-term leases	11,3	11,8
– leases of low-value assets	0,6	0,9
Research and development costs	51,1	46,2
Foreign exchange gains	(67,9)	(6,9)
20. Interest received		
Interest income on cash and cash equivalents and other investments at amortised cost	10,1	14,8
21. Finance costs		
Interest expense on borrowings at amortised cost	(191,4)	(157,5)
Interest expense on lease liabilities (Note 13)	(45,4)	(41,8)
	(236,8)	(199,3)
22. Share of equity-accounted losses of joint venture		
Equity-accounted loss of non-significant joint venture	(0,3)	(3,2)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

23. Capital items

	2025 R'm	2024 R'm
Net loss on disposal of property, plant and equipment	0,2	20,9
Impairment of property, plant and equipment (Note 1)	0,5	0,2
Impairment of right-of-use assets (Note 2)	0,8	–
Joint venture capital profit	(12,6)	–
Insurance proceeds/receivables on property, plant and equipment	–	(0,4)
	(11,1)	20,7
Attributable taxation (Note 24)	(0,4)	(5,7)
	(11,5)	15,0

24. Taxation

Current income tax	866,4	853,6
Deferred taxation	36,2	(27,6)
– Current temporary differences	36,2	(27,6)
Withholding tax	14,0	12,9
Prior year (over)/under provisions		
– Current	(0,8)	2,8
– Deferred	0,5	(3,2)
	916,3	838,5
Dealt with as follows:		
In respect of profit before capital items	916,7	844,2
In respect of capital items (Note 23)	(0,4)	(5,7)
	916,3	838,5
Foreign taxation included in the above	53,2	45,2

The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. Furthermore, the Group has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in various jurisdictions. Since the Group's effective tax rate is well above 15% in all jurisdictions in which it operates, the Group has assessed that there is no current tax impact and is not required to pay Pillar Two "top-up" taxes.

Reconciliation of rate of taxation	%	%
Standard rate of company taxation	27,0	27,0
Increase in effective rate as a result of:		
– Disallowable expenditure	0,1	0,2
– Expenses attributable to exempt income earned	0,1	0,1
– Other	–	0,1
– Exempt income	(0,1)	(0,2)
– Special tax allowances	(0,1)	(0,1)
– Withholding tax	0,4	0,4
– Utilisation of assessed loss not recognised previously	0,1	–
– Effect of foreign tax rate differential	–	(0,1)
– Other	–	(0,1)
Effective rate of taxation for the year	27,4	27,1

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

25. Cash generated by operations

	2025 R'm	2024 R'm
Profit before tax	3 346,0	3 096,2
Adjusted for:		
– Interest received	(10,1)	(14,8)
– Finance costs	236,8	199,3
– Share of equity-accounted losses of joint venture	0,3	3,2
– Capital items	(11,1)	20,7
– Depreciation of property, plant and equipment	414,5	374,1
– Depreciation of right-of-use assets	161,4	163,3
– Amortisation of intangible assets	11,4	10,4
– Foreign currency translations	15,5	(20,4)
– Cash-settled share-based payments	2,6	15,2
– Equity-settled share-based payments	102,4	98,0
– Movement in provisions and other non-cash items ¹	(53,1)	103,9
Cash generated by operations before working capital changes	4 216,6	4 049,1
Changes in working capital ² :	(230,8)	(270,8)
Increase in inventories and biological assets	(114,6)	(14,2)
Increase in trade and other receivables	(66,7)	(147,1)
Decrease in trade and other payables	(49,5)	(109,5)
Cash generated by operations	3 985,8	3 778,3

¹ Includes, among others, non-cash movements in biological assets, fuel swap derivatives, inventory obsolescence provisions, impairment loss allowances, PRMA liability and short-term and long-term bonus accruals and leave pay accruals, offset by related cash payments.

² The net movement in working capital has been adjusted to take account of the foreign exchange differences and other non-cash items.

26. Taxation paid

	2025 R'm	2024 R'm
Amount owing at beginning of year	41,9	81,3
Amount prepaid at beginning of year	(6,5)	(3,6)
Net amount owing at beginning of year	35,4	77,7
	879,5	869,3
Charge per profit or loss	916,3	838,5
Deferred taxation included therein (Note 6)	(36,8)	30,8
Effect of movement in foreign exchange rates	(0,1)	(1,4)
Net amount owing at end of year	(22,4)	(35,4)
Amount owing at end of year	(31,7)	(41,9)
Amount prepaid at end of year	9,3	6,5
Amount paid during year	892,4	910,2

27. Other cash flows from/(to) investments

Cash flow to Enterprise and Supplier Development initiatives	(1,0)	(1,3)
Dividends received from joint venture	23,0	–
	22,0	(1,3)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

28. Changes in liabilities arising from financing activities

	Balance at 1 July 2024 R'm	Cash flows		Non-cash changes				Balance at 30 June 2025 R'm
		Capital R'm	Interest R'm	Effect of movement in exchange rates R'm	New leases R'm	Impact of lease modifications and remeasurements R'm	Interest accrued R'm	
Short-term borrowings	1 229,2	777,2	(191,4)	–	–	–	191,4	2 006,4
Lease liabilities	542,9	(150,6)	(45,4)	(0,4)	150,9	8,5	45,4	551,3
	1 772,1	626,6	(236,8)	(0,4)	150,9	8,5	236,8	2 557,7

	Balance at 1 July 2023 R'm	Cash flows		Non-cash changes				Balance at 30 June 2024 R'm
		Capital R'm	Interest R'm	Effect of movement in exchange rates R'm	New leases R'm	Impact of lease modifications and remeasurements R'm	Interest accrued R'm	
Short-term borrowings	1 701,0	(471,8)	(157,5)	–	–	–	157,5	1 229,2
Lease liabilities	543,7	(148,3)	(41,8)	(1,4)	131,8	17,1	41,8	542,9
	2 244,7	(620,1)	(199,3)	(1,4)	131,8	17,1	199,3	1 772,1

29. Earnings and headline earnings

	2025		2024	
	Gross R'm	Net of tax R'm	Gross R'm	Net of tax R'm
The calculations of earnings and headline earnings per ordinary share are based on a weighted average of 331 671 159 (2024: 330 791 602) ordinary shares in issue. The diluted earnings and headline earnings per share are calculated based on a weighted average of 336 905 394 (2024: 334 217 367) ordinary shares.				
Determination of headline earnings				
Earnings attributable to owners of AVI		2 429,7		2 257,7
Adjustment for capital items	(11,1)	(11,5)	20,7	15,0
Net loss on disposal of property, plant and equipment	0,2	0,1	20,9	15,2
Gain on disposal of vessels/rights in Umsobomvu joint venture (Note 4)	(12,6)	(12,6)	–	–
Impairment of property, plant and equipment (Note 1)	0,5	0,4	0,2	0,1
Impairment of right-of-use assets (Note 2)	0,8	0,6	–	–
Insurance proceeds/receivables on property, plant and equipment	–	–	(0,4)	(0,3)
Headline earnings		2 418,2		2 272,7

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

29. Earnings and headline earnings continued

	2025 Number	2024 Number
Reconciliation of weighted average number of ordinary shares		
Issued shares at beginning of year	338 965 477	338 191 889
Own shares held by trusts and subsidiary at beginning of year	(8 015 107)	(7 568 115)
Effect of new shares issued externally during the year	64 609	43 886
Effect of treasury shares sold in July – September	–	11 965
Effect of treasury shares sold in October – December	618 181	103 890
Effect of treasury shares sold in January – March	21 448	7 810
Effect of treasury shares sold in April – June	16 551	277
Weighted average number of ordinary shares	331 671 159	330 791 602
Effect of the Revised AVI Limited Executive Share Incentive Scheme instruments outstanding during the year	1 293 095	474 409
Effect of the AVI Limited Deferred Bonus Share Plan instruments outstanding during the year	2 208 862	1 520 557
Effect of the AVI Limited Out-Performance Scheme instruments outstanding during the year	1 732 278	1 430 799
Weighted average diluted number of ordinary shares	336 905 394	334 217 367

In determining the dilutive effect of these options, the IFRS 2 – *Share-Based Payment* charge not yet expensed is added to the exercise price.

	2025 Cents	2024 Cents
Earnings per ordinary share	732,6	682,5
Diluted earnings per ordinary share	721,2	675,5
Headline earnings per ordinary share	729,1	687,1
Diluted headline earnings per ordinary share	717,8	680,0

30. Dividends paid

	2025 R'm	2024 R'm
Ordinary shares		
No.102 of 310 cents, paid 23 October 2023		1 035,2
No.103 of 202 cents, paid 22 April 2024		674,6
No.104 of 388 cents, paid 21 October 2024	1 300,0	
No.105 of 280 cents, paid 21 October 2024 (special dividend)	938,1	
No.106 of 220 cents, paid 14 April 2025	737,3	
	2 975,4	1 709,8
Ordinary dividend No.107 of 406 cents in respect of the year ended 30 June 2025 was declared on 5 September 2025 and is payable on 20 October 2025. This will be at the following cost after taking account of the ordinary shares in issue at the date of approval of the Annual Report.	1 361,0	

The dividends have been declared out of income reserves and are subject to dividend withholding tax at a rate of 20% in respect of those shareholders who are not exempt from paying dividend withholding tax.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

31. Commitments

	2025 R'm	2024 R'm
Commitments		
Capital commitments		
Capital expenditure authorised by the directors		
Property, plant and equipment		
– contracted for	103,8	157,9
– not contracted for	35,7	52,9
	139,5	210,8

It is anticipated that this expenditure will be financed by cash resources, cash generated from operating activities and existing borrowing facilities.

Other contractual commitments have been entered into in the normal course of business.

32. Employee benefits

	2025 R'm	2024 R'm
Employment costs	3 479,5	3 431,7
Short-term employment benefits	3 074,1	2 975,7
Termination benefits	37,3	45,9
Retirement benefits (Note 32.1)	191,6	186,5
Post-retirement medical aid costs (Note 14)	37,1	35,0
Share-based payments – equity-settled (Note 32.2)	102,4	98,0
Share-based payments – cash-settled (Note 32.2)	2,6	–
Movement in provisions for long-term earnings-linked performance bonuses (Note 14)	34,2	88,5
I&J Black Staff Employee Benefit Scheme (Note 33)	0,2	2,1

32.1 Retirement benefits

The Group provides retirement benefits for its eligible employees. Of the Group's 9 108 (2024: 8 937) employees, 7 390 (2024: 7 498) are members of defined contribution Group pension and provident funds or state-administered funds in other jurisdictions. South African funds are governed by the Pension Funds Act 1956, as amended. Other funds are governed by the respective legislation of the countries concerned. The contributions paid by the Group companies for retirement benefits are charged to profit or loss as they are incurred, and amounted to R191,6 million (2024: R186,5 million).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

32. Employee benefits continued

32.2 Share incentive schemes

The interests of the directors are given on page 8 in the directors' remuneration report.

A summary of the movements in share incentive instruments is set out in the tables below:

The Revised AVI Limited Executive Share Incentive Scheme

The Revised AVI Limited Executive Share Incentive Scheme was approved by shareholders at the Annual General Meeting held on 3 November 2016 and replaced the AVI Limited Executive Share Incentive Scheme. Eligible participants are awarded share appreciation rights, which vest after the completion of a three-year service period, subject to the satisfaction of a performance condition, namely that the AVI return on capital employed over the period exceeds the weighted average cost of capital. Upon vesting, participants are entitled to exercise their awards by receiving AVI shares equal to the increase in value of their awards between award date and exercise date. The cost of these AVI shares is funded by way of contributions from employer companies in respect of participants who are their employees.

Date of award	Award price per instrument R	Instruments outstanding at 30 June 2024 number	Awarded number	Exercised/ lapsed number	Relinquished ¹ / forfeited number	Instruments outstanding at 30 June 2025 number
1 October 2019	83,91	13 698	–	(13 698)	–	–
1 April 2020	69,75	580 658	–	(580 658)	–	–
1 October 2020	74,52	78 832	–	(69 972)	–	8 860
1 April 2021	73,85	621 405	–	(213 171)	–	408 234
1 October 2021	86,04	289 966	–	(229 969)	–	59 997
1 April 2022	69,23	1 164 830	–	(575 919)	(13 401)	575 510
1 October 2022	73,43	547 404	–	(8 156)	(1 316)	537 932
1 April 2023	66,48	1 445 285	–	(43 908)	(59 757)	1 341 620
1 October 2023	75,20	640 113	–	(5 222)	(4 674)	630 217
1 April 2024	91,54	973 508	–	(11 276)	(337 739)	624 493
1 October 2024	108,00	–	274 686	–	(65 894)	208 792
1 April 2025	89,87	–	1 008 842	–	–	1 008 842
		6 355 699	1 283 528	(1 751 949)	(482 781)	5 404 497
Weighted average award price (R)		74,35	93,75	72,61	89,86	78,13
Weighted average exercise price on date of exercise (R)				97,90		

The weighted average remaining contractual life of instruments outstanding as at 30 June 2025 is 1,2 years (2024: 1,3 years).

¹ The number of relinquished instruments represents instruments sacrificed in favour of AVI Limited Out-Performance Scheme options in terms of the rules of the AVI Limited Out-Performance Scheme.

The share appreciation rights are available to be exercised in their entirety three years after the effective date of granting of awards, subject to the performance condition being met. Any rights not exercised by the fifth anniversary of such date will lapse. Exercises in any period prior to vesting in the third year represent the portion allowed to be exercised on retirement, death, disability or retrenchment.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

32. Employee benefits continued

32.2 Share incentive schemes continued

The AVI Limited Out-Performance Scheme

Eligible participants are awarded notional shares, which vest after the completion of a three-year service period, and are converted to AVI shares subject to AVI's performance against an identified peer group over the vesting period.

The scheme is based on a total shareholder return ("TSR") measure. TSR is the increase in value of shares after the notional reinvestment of all distributions. Allocations of notional shares are made in conjunction with the identification of the peer group against which that tranche will be measured.

At the measurement date in respect of each tranche:

- AVI's TSR and the TSR of each peer in the peer group for that tranche will be determined;
- the TSR of each peer in the peer group will be ranked in ascending order in 10 performance deciles;
- depending on the peer group decile within which AVI's TSR is ranked, a vesting multiple of between 0 times and 3,6 times will be applied to the notional shares to determine the number of shares allocated to the participant upon vesting. No shares vest if AVI's TSR is ranked below the 50th peer group percentile.

Upon vesting, each participant will receive the AVI shares due to them. The cost of the AVI shares is funded by way of contributions from employer companies in respect of participants who are their employees.

As the allocation of awards is a notional allocation, the notional shares so allocated will not attract any dividends or voting rights in the hands of participants until vested.

Date of award	Award price per instrument R	Instruments outstanding at 30 June 2024 number	Awarded number	Exercised number	Forfeited number	Instruments outstanding at 30 June 2025 number
1 October 2021	79,98	289 174	–	(289 174)	–	–
1 October 2022	72,99	523 901	–	–	(124 686)	399 215
1 October 2023	74,00	651 822	–	–	(99 885)	551 937
1 October 2024	104,87	–	413 635	–	–	413 635
		1 464 897	413 635	(289 174)	(224 571)	1 364 787
Weighted average award price (R)		74,82	104,87	79,98	73,44	83,06
Weighted average share price on date of exercise (R)				108,37		

The weighted average remaining contractual life of instruments outstanding as at 30 June 2025 is 1,3 years (2024: 1,5 years).

All notional shares vest three years after award date. Notional shares are converted to AVI shares only if the performance requirements are met on the vesting date.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

32. Employee benefits continued

32.2 Share incentive schemes continued

The AVI Limited Deferred Bonus Share Plan

The AVI Limited Deferred Bonus Share Plan was approved by shareholders at the Annual General Meeting held on 3 November 2016. The value of the awards allocated is determined with reference to each eligible participant's annual bonus (earned under the Group's short-term bonus incentive framework). A portion of the annual bonus is paid in cash while the deferred element is settled in equity as AVI shares and is subject to a three-year service period before vesting, during which period the bonus shares remain restricted. These shares are held by an escrow agent on behalf of participants during this vesting period. Participants are, however, eligible to receive dividends and vote at shareholder meetings.

Date of award	Award price per instrument R	Instruments outstanding at 30 June 2024 number	Awarded number	Exercised number	Forfeited number	Instruments outstanding at 30 June 2025 number
1 October 2021	86,04	214 964	–	(214 147)	(817)	–
1 October 2022	73,43	571 393	–	(21 418)	(35 646)	514 329
1 June 2023	63,58	1 608 644	–	(31 373)	(102 533)	1 474 738
1 October 2023	75,20	639 571	–	(12 167)	(52 200)	575 204
1 October 2024	108,00	–	531 826	(1 589)	(29 065)	501 172
		3 034 572	531 826	(280 694)	(220 261)	3 065 443
Weighted average award price (R)		69,47	108,00	82,22	73,87	74,68
Weighted average share price on date of exercise (R)				107,12		

The weighted average remaining contractual life of instruments outstanding as at 30 June 2025 is 1,1 years (2024: 1,7 years).

Upon vesting, the shares become unrestricted in the hands of participants. The cost of the AVI shares is funded by way of contributions from employer companies in respect of participants who are their employees.

The vesting of shares prior to the completion of the three-year restriction period represents the portion allowed to vest on retirement, death, disability or retrenchment.

The AVI Limited Full Value Cash-settled Phantom Share Incentive Scheme

The AVI Limited Full Value Cash-settled Phantom Share Incentive Scheme was approved by the Remuneration Committee on 14 November 2023. Eligible participants are awarded notional shares, which vest after the completion of a three-year service period, subject to the satisfaction of the following performance conditions:

- the average return on invested capital exceeds the weighted average cost of capital by a factor of 1,25 over the three-year vesting period; and
- the average cash generated by operations exceeds 75% of earnings before interest, taxes, depreciation, and amortisation over the three-year vesting period.

Date of award	Award price per instrument R	Instruments outstanding at 30 June 2024 number	Awarded number	Exercised number	Forfeited number	Instruments outstanding at 30 June 2025 number
1 April 2024	91,54	51 043	–	(1 557)	(6 547)	42 939
1 October 2024	108,00	–	53 082	(215)	(891)	51 976
1 April 2025	89,87	–	49 251	–	–	49 251
		51 043	102 333	(1 772)	(7 438)	144 166
Weighted average award price (R)		91,54	99,27	93,54	93,51	96,90
Weighted average share price on date of exercise (R)				91,74		

The weighted average remaining contractual life of instruments outstanding as at 30 June 2025 is 2,3 years (2024: 2,8 years).

Upon vesting, each participant will receive the full value of the notional shares in cash. The notional shares are available to be exercised in their entirety three years after the effective date of granting of awards, subject to the performance conditions being met. Any rights not exercised immediately will lapse. Exercises in any period prior to vesting in the third year represent the portion allowed to be exercised on retirement, death, disability or retrenchment.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

32. Employee benefits continued

32.2 Share incentive schemes continued

The AVI Black Staff Empowerment Scheme

The AVI Black Staff Empowerment Scheme was established to provide certain full-time black employees of the Group with the opportunity of acquiring shares in the capital of the Company, and has been incorporated within the AVI Black Staff Empowerment Scheme Holding Trust ("the Trust"). The purchase of shares by the Trust for the purpose of the scheme was funded by way of loans from employer companies in respect of participants who are their employees.

Participants were granted a right to purchase ordinary AVI shares equal to the number of options awarded in three equal tranches after the fifth, sixth and seventh anniversaries of acceptance of the offer by the participant. The right to purchase was subject to the settlement of the exercise price by the participant and the express condition that the participant was still an employee at the relevant exercise date. The final allocation was made in December 2011 and the final tranche vested on 31 December 2018. The scheme established in terms of the Trust deed has terminated and no further allocations will be made.

The remaining share options at 30 June 2025 in respect of good leavers have lapsed in terms of the scheme rules. These options remain unexercised despite ongoing attempts to trace the affected participants. The Trustees have, however, resolved to allow these participants to exercise their share options should they be traced in future.

	2025 number	2024 number
Remaining share options	40 124	40 124

Restrictions

Ordinary shares in the authorised and unissued capital of the Company were placed under the control of the directors with specific authority to allot and issue them in terms of the Company's existing share incentive schemes ("the schemes"). The total number of share instruments, options or instruments convertible into ordinary shares which may be allocated for purposes of the schemes are detailed in the table below:

Share incentive scheme	Authorised number	% of total issued share capital*	Remaining authorised but not issued number
Revised AVI Limited Executive Share Incentive Scheme	5 213 369	1,5	4 837 708
AVI Limited Deferred Bonus Share Plan	5 213 369	1,5	734 418
AVI Limited Out-Performance Scheme	6 915 158	2,0	3 907 614
Total	17 341 896	5,0	9 479 740

* As at date authority was granted.

32.3 Share-based payments

The fair value of the equity instruments is measured as follows:

Revised AVI Limited Executive Share Incentive Scheme	Black-Scholes valuation model
AVI Limited Out-Performance Scheme	Black-Scholes and Monte Carlo valuation methodology
AVI Limited Deferred Bonus Share Plan	Award date market price of shares
AVI Limited Full Value Cash-settled Phantom Share Incentive Scheme	Award date market price of shares

The contractual life of the equity instruments is used as an input into the model. The equity instruments are granted under a service condition and expected attrition is considered in estimating the number of options expected to vest.

The fair value of the estimated number of options expected to vest is expensed over the vesting period of the underlying equity instrument. In the event of accelerated vesting, the remaining fair value of the vested instruments is expensed in the period of vesting.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

32. Employee benefits continued

32.3 Share-based payments continued

Assumptions applied in arriving at fair value of instruments issued during the year	2025	2024
Equity instruments issued by the Revised AVI Limited Executive Share Incentive Scheme		
Fair value at grant date	R15,07 – R17,19	R14,33 – R17,00
Share price	R69,47 – R83,28	R57,96 – R70,71
Exercise price	R89,87 – R108,00	R75,20 – R91,54
Expected volatility	22,4%	21,7% – 22,8%
Option life	3,5 years	3,5 years
Dividend yield	2,20% – 6,68%	2,02% – 3,10%
Risk-free interest rate	10,05% – 10,63%	12,30% – 12,38%
Equity instruments issued by the AVI Limited Out-Performance Scheme		
Fair value at grant date	R42,28	R24,35
Share price	R104,87	R74,00
Option life	3 years	3 years
Dividend yield	5,9%	7,4%
Risk-free interest rate	10,05%	11,38%
Expected mean TSR performance	5,8%	10,8%
Equity instruments issued by the AVI Limited Deferred Bonus Share Plan		
Share price	R108,00	R75,20
Notional instruments issued by the AVI Limited Full Value Cash-settled Phantom Share Incentive Scheme		
Share price	R89,87 – R108,00	R91,54
Option life	3 years	3 years
Dividend yield	7,0%	5,9%
Risk-free interest rate	9,96%	11,41%

The expected volatility is based on the average volatility over a period of six months prior to grant date or measurement date.

The GSAB 10-year index was used to determine a risk-free interest rate at grant date or measurement date.

	2025 R'm	2024 R'm
Equity-settled share-based payment expense		
Revised AVI Limited Executive Share Incentive Scheme	19,5	15,3
AVI Limited Out-Performance Scheme	12,3	15,5
AVI Limited Deferred Bonus Share Plan	70,6	67,2
	102,4	98,0
Cash-settled share-based payment expense		
AVI Limited Full Value Cash-settled Phantom Share Incentive Scheme	2,6	0,3
	2,6	0,3

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

33. Broad-based Black Economic Empowerment (“BBBEE”) transactions

A staff scheme was implemented at I&J Limited (a subsidiary of Irvin & Johnson Holding Company Proprietary Limited (“I&J HoldCo”)) in December 2021. Through the introduction of this scheme 6,25% of the shareholding in I&J Limited was issued to the I&J Staff Holding Company Proprietary Limited (“I&J Staff HoldCo”), a company owned by the South African black employees of the I&J Group and its fellow subsidiaries. As part of the implementation of the scheme, I&J Staff HoldCo obtained notional vendor finance (“NVF”) from I&J Limited to fund the purchase consideration of R38,5 million.

The previous shareholder arrangement with Main Street 198 (Pty) Ltd (“Main Street”), the minority shareholder at I&J HoldCo, matured on 1 July 2023. In terms of the agreements, and on the maturity date, AVI Limited exercised its call option over the 20% shareholding in I&J HoldCo held by Main Street and the preference shares held by AVI Limited in Main Street were redeemed.

In line with the commitment to sustainable transformation, a broad-based sharing of Broad-based Black Economic Empowerment (“BBBEE”) economic value and the codes, the new BBBEE transaction was implemented with effect from 1 July 2023 in terms of which Twincitiesworld (Pty) Ltd (“Twincitiesworld”), a 100% black-owned company, acquired an 18,75% interest in I&J Limited. The consideration for the issue of shares amounted to R115,5 million and was funded by I&J HoldCo subscribing for cumulative redeemable preference shares in Twincitiesworld.

The Twincitiesworld Memorandum of Incorporation allows for the payment of ordinary dividends to Twincitiesworld’s shareholders out of dividends received by Twincitiesworld from I&J Limited, with the balance paid as preference dividends to I&J HoldCo. Furthermore, the shareholders’ agreement provides for put and call options between I&J HoldCo and Twincitiesworld, the exercise price of which is determined by a fixed formula based on I&J Limited’s earnings.

As a result of the above arrangements the effective direct BBBEE shareholding in I&J Limited is 25% (2024: 25%).

The Group has adopted the following principles in accounting for the transactions referred to above:

Accounting recognition of the non-controlling interests in I&J

Notwithstanding that the BBBEE transactions have been completed and that the BBBEE shareholders have beneficial ownership and voting control over their 25% shareholding, the accounting recognition in the Group’s consolidated financial statements of a non-controlling interest in respect of shares held by the BBBEE company in I&J Limited is deferred until such shares in I&J Limited are regarded as issued outside of the Group in terms of the control principles of IFRS 10 – *Consolidated Financial Statements*.

I&J Staff HoldCo

The I&J Staff HoldCo shareholders’ agreement provides for the payment of ordinary dividends equal to 10% of dividends received from I&J Limited, to the I&J Staff HoldCo’s shareholders (who are employees of I&J Limited and its fellow subsidiaries). Furthermore, the I&J Staff HoldCo Memorandum of Incorporation provides for a call option whereby I&J HoldCo can acquire I&J Staff HoldCo’s shareholding from I&J Limited from 1 July 2036, and a put option whereby the shareholders of I&J Staff HoldCo could require the I&J HoldCo to purchase their shareholding in I&J Staff HoldCo from 28 December 2036. The exercise price is determined by a fixed formula per the shareholders’ agreement largely based on I&J Limited’s earnings performance and the remaining value of the NVF loan balance. The arrangement has been accounted for as an employee benefit liability within the scope of IAS 19 – *Employee Benefits* in the consolidated annual financial statements as ultimately the obligation is to the employees of the Group. The liability (Note 14 – R2,3 million (2024: R2,1 million)) has been measured using the projected unit credit method and an expense of R0,2 million (2024: an expense of R2,1 million) has been recognised in the current year. Refer to Note 32.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

33. Broad-based Black Economic Empowerment (“BBBEE”) transactions continued

Twincitiesworld

The various contracts that give rise to the acquisition of the 18,75% interest in I&J Limited (the put and call option, “A” preference shares and purchase of the 18,75% investment in I&J Limited) are considered to be linked and are therefore accounted for as one transaction.

Based on the redemption terms and options, I&J HoldCo also has a settlement choice to settle in cash or allow the put and call options to lapse and effectively render the shares in I&J Limited to vest in Twincitiesworld subject to the redemption of the preference shares.

The Group has a past practise of settling in cash, in terms of previous Main Street and employee share schemes of the Group in I&J HoldCo and I&J Limited. Furthermore it has the intention of settling in cash based upon the commercial rationale of ultimately retaining all of the equity and control of I&J Limited within the Group.

Therefore based on both settlement options outlined above and the past practise and intention of settling such schemes in cash, a cash-settled share-based payment liability is recognised at the fair value of the amount expected to be paid to BBBEE participants.

A cash-settled share-based payment liability of R14,7 million (2024: R15,2 million) has been recognised for the present value of the final option value plus estimated dividends over the remaining period. The fair value is estimated using the Monte Carlo valuation methodology by extrapolating I&J Limited’s historical earnings over the remaining vesting period of 11,5 years (2024: 12,5 years), discounted at 14,6% (2024: 15,4%), and will be assessed annually.

	2025	2024
The inputs used in the Monte Carlo valuation methodology:		
Fair value of preference share investment at grant date	R115,5 million	R115,5 million
Option life/term	11,5 years	12,5 years
Dividend payout ratio	40%	40%
Expected volatility	109,2%	113,7%
Risk-free interest rate	10,56%	11,95%

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

34. Related party transactions

	2025 R'm	2024 R'm
Transactions with Group entities		
Other payables to joint venture	–	0,1
Purchases from joint venture	–	1,6
Dividends received from joint venture	23,0	–
Payments to AVI Limited Pension Fund	117,4	109,2
Payments to AVI Limited Provident Fund	149,5	141,4

Details of the significant subsidiaries, joint ventures and other investments are given on pages 42 and 76.

Material shareholders

The Company does not have a holding company.

Ordinary shares

The beneficial holders of 3% or more of the issued ordinary shares of the Company at 30 June 2025, according to the information available to the directors were:

	Number of ordinary shares	%
Government Employees Pension Fund	70 369 315	20,7
Vanguard Investment Management	12 947 600	3,8
Old Mutual Group	12 891 610	3,8

Directors of the Company

Directors' emoluments

The individual directors' emoluments paid in respect of the financial period under review are set out in the directors' remuneration report on page 10.

Directors' service contracts

Standard terms and conditions of employment apply to executive directors, which provide for notice of termination of three months. Non-executive directors conclude service contracts with the Company on appointment. Their term of office is governed by the Memorandum of Incorporation which provides that one-third of the aggregate number of directors will retire by rotation at each Annual General Meeting, but may, if eligible, offer themselves for re-election.

Transactions with key management personnel

The directors of the Company, directors of its subsidiaries and business unit management with executive responsibility have been identified as the key management personnel of the Group.

The key management personnel costs are as follows:

	2025 R'm	2024 R'm
Short-term employee benefits	211,9	199,2
Post-employment benefits	9,9	9,4
Termination benefits	6,3	15,4
Other long-term benefits*	35,0	8,0
Share-based payment benefits	117,4	71,2
	380,5	303,2

* Gains on settlement of long-term earnings-linked performance bonuses.

Executives also participate in the Company's share incentive schemes, details of which are provided in Note 32.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

35. Financial risk management

35.1 Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing financial risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. The AVI Group Treasury, together with the relevant business unit executives, is responsible for developing the relevant financial risk management policies and for monitoring risk.

The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to identify and review changes in market conditions and the Group's activities. The Group aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees management's monitoring of compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the financial risks faced by the Group. The Group Audit Committee is assisted in its oversight role by internal audit.

35.2 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of directors monitors the return on average capital employed, which the Group defines as operating profit before capital items from continuing operations, after taxation, divided by average total shareholders' equity plus net debt.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target, which is determined by the AVI Board, is to achieve a return on average capital employed of at least 120% of the weighted average cost of capital, which was estimated at 10,9% (2024: 11,7%). In 2025 the return was 34,9% (2024: 34,3%). In comparison, the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 8,85% (2024: 9,41%).

From time to time, the Group purchases its own shares in the market under general authority granted by shareholders; the timing of these purchases depends on market prices. Primarily, the shares are repurchased as part of a programme to return capital to shareholders, but some may be used for issuing shares under the Group's incentive schemes. Buying decisions are made under specific mandates from the executive directors.

There were no changes to the Group's approach to capital management during the year.

The AVI Group is subject to and complies with the following financial covenants required by some of the Group's bankers:

- consolidated net debt to EBITDA less than 2,5; and
- consolidated EBITDA to net interest paid greater than 3,5.

Internal debt limits used by executive management on a day-to-day basis are more conservative than the above.

35.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash and cash equivalents, loan receivables and other investments.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Geographically there is concentration of credit risk in the South African market.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount; these limits are reviewed annually or when conditions arise that warrant a review. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

35. Financial risk management continued

35.3 Credit risk continued

Trade and other receivables continued

Most of the Group's customers have been transacting with the Group for over three years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity, existence of previous financial difficulties and existence of current financial difficulties. Trade and other receivables relate mainly to the Group's retail and wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made on a prepayment basis. Overdue accounts are put on hold until payments are received to return them to within limits.

Most goods sold are subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an impairment loss allowance for expected credit losses in respect of trade and other receivables by applying the simplified approach of IFRS 9, measuring the impairment loss allowance based on lifetime expected credit loss. Further to this, as a practical expedient, the Group applies a provision matrix assessing historical credit losses per aged bucket of trade debtors, grouped into customer segments with similar loss patterns, and overlays this with the Group's assessment of general economic conditions to estimate expected future losses. The assessment of impairment loss allowance takes into account credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The majority of the debtors balance is insured.

Cash and cash equivalents, loan receivables and other investments

The majority of the Group's investments are in liquid securities with counterparties that have sound credit ratings. Where considered necessary, security is sought. Management does not expect any counterparty to fail to meet its obligations.

Guarantees

The Company's policy is to provide limited financial guarantees in respect of banking facilities for subsidiaries. At 30 June 2025 guarantees were in place for AVI Financial Services Proprietary Limited, National Brands Limited, Irvin & Johnson Holding Company Proprietary Limited, A&D Spitz Proprietary Limited, Indigo Brands Proprietary Limited, Hampton Sportswear Proprietary Limited, Green Cross Manufacturers Proprietary Limited, Ciro Full Service Beverage Company Proprietary Limited, Irvin & Johnson Aquaculture Proprietary Limited and Irvin & Johnson Property Holding Company Proprietary Limited (2024: AVI Financial Services Proprietary Limited, National Brands Limited, Irvin & Johnson Holding Company Proprietary Limited, A&D Spitz Proprietary Limited, Indigo Brands Proprietary Limited, Hampton Sportswear Proprietary Limited, Green Cross Manufacturers Proprietary Limited, Ciro Full Service Beverage Company Proprietary Limited, Irvin & Johnson Aquaculture Proprietary Limited and Irvin & Johnson Property Holding Company Proprietary Limited). There have been no draw downs of the above mentioned guarantees in the current and prior year.

In addition, the Company provides limited sureties for subsidiaries in relation to outstanding debt under the cash management agreement for Group subsidiary companies that participate in the Group's cash management agreement.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2025 R'm	2024 R'm
Long-term receivables	21,9	20,9
Derivatives	13,7	63,1
Trade and other receivables*	2 047,7	1 980,9
Cash and cash equivalents	294,5	352,9
Total	2 377,8	2 417,8

* Excludes prepayments and VAT receivables.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

35. Financial risk management continued

35.3 Credit risk continued

Exposure to credit risk continued

The maximum exposure to credit risk for trade receivables** for the Group at the reporting date by geographic region was:

	Carrying amount	
	2025 R'm	2024 R'm
South Africa	1 503,6	1 492,6
Europe	302,7	214,4
Australasia	18,9	19,8
Rest of Africa	169,2	192,3
Other	27,1	29,5
Total	2 021,5	1 948,6

** Net of allowances for credit notes, discounts and other trade terms.

The maximum exposure to credit risk for trade receivables for the Group at the reporting date by type of customer was:

	Carrying amount	
	2025 R'm	2024 R'm
Wholesale customers	1 070,0	916,7
Retail customers	823,7	900,9
End-user customers and direct sales	127,8	131,0
Total	2 021,5	1 948,6

The Group's most significant customers, being two South African retailers, accounted for 28,1% of the carrying amount of trade receivables at 30 June 2025 (2024: 34,4%).

Impairment losses

The ageing of trade receivables at the reporting date was:

	2025			2024		
	Gross R'm	Impairment loss allowance R'm	Expected credit loss rate %	Gross R'm	Impairment loss allowance R'm	Expected credit loss rate %
Not past due	1 968,4	–	–	1 877,0	–	–
Past due 0 – 30 days	32,5	(0,7)	2,2	37,9	(0,1)	0,3
Past due 31 – 120 days	13,5	(0,9)	6,7	16,8	(1,1)	6,5
Past due 121 days – 1 year	4,6	(0,8)	17,4	15,4	(1,9)	12,3
Past due more than 1 year	2,5	(2,0)	80,0	1,5	(1,5)	100,0
Total	2 021,5	(4,4)	0,2	1 948,6	(4,6)	0,2

The majority of trade receivables not past due relate to credit extended to large South African retailers and wholesalers, considered to be of a high credit grade.

Based on historical default rates, the Group believes that a nominal impairment loss allowance is appropriate in respect of trade receivables not past due.

The movement in the impairment loss allowance in respect of trade receivables during the year was as follows:

	2025 R'm	2024 R'm
Balance as at 1 July	(4,6)	(4,8)
Impairment loss recognised in profit or loss	(0,4)	(3,3)
Impairment loss utilised	0,6	3,5
Balance as at 30 June	(4,4)	(4,6)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

35. Financial risk management continued

35.3 Credit risk continued

Impairment losses continued

The assumptions used to calculate the expected credit loss allowance include, among others, insurance cover in place, past impairment provisions and bad debts written off as well as management's assessment of the fast moving consumer goods environment.

The allowance for impairment in respect of trade receivables is used to record expected credit losses unless the Group is satisfied that no recovery of the amount owing is possible at that point, the amount is considered irrecoverable and is written off against the financial asset directly.

The carrying amounts represent the maximum exposure to credit risk.

35.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group actively manages short-term funding requirements via the Group Treasury with regular forecasts. Typically the Group ensures that it has sufficient liquidity to meet expected operational expenses for a period of eight weeks, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Group maintains R4,9 billion of committed borrowing facilities with banks. These are a combination of short- and medium-term facilities. These facilities provide the Group with access to sufficient funding to maintain its strong financial position.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount R'm	Contractual cash flows R'm	1 year or less R'm	+1 – 2 years R'm	+2 – 5 years R'm	More than 5 years R'm
30 June 2025						
Non-derivative financial liabilities						
Trade and other payables*	1 341,4	1 341,4	1 341,4	–	–	–
Lease liabilities	551,3	670,0	178,2	146,7	244,0	101,1
Current borrowings	2 006,4	2 006,4	2 006,4	–	–	–
	3 899,1	4 017,8	3 526,0	146,7	244,0	101,1
30 June 2024						
Non-derivative financial liabilities						
Trade and other payables*	1 381,1	1 381,1	1 381,1	–	–	–
Lease liabilities	542,9	673,9	177,2	139,0	220,7	137,0
Current borrowings	1 229,2	1 229,2	1 229,2	–	–	–
	3 153,2	3 284,2	2 787,5	139,0	220,7	137,0

* Excludes contract liabilities, earnings-linked performance and accrued bonuses, leave pay provisions, short-term employee benefits and indirect tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

35. Financial risk management continued

35.4 Liquidity risk continued

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur.

	Carrying amount R'm	Contractual cash flows R'm	1 year or less R'm	+1 – 2 years R'm	+2 – 5 years R'm	More than 5 years R'm
30 June 2025						
FECs used for hedging						
– Imports	(11,0)	759,1	759,1	–	–	–
– Exports	(11,1)	(670,3)	(670,3)	–	–	–
	(22,1)	88,8	88,8	–	–	–
Imports – average forward rate:						
– USD/ZAR			18,33			
– EUR/ZAR			20,61			
Exports – average forward rate:						
– USD/ZAR			18,93			
– EUR/ZAR			20,85			
30 June 2024						
FECs used for hedging						
– Imports	(22,4)	982,5	982,5	–	–	–
– Exports	43,8	(884,0)	(884,0)	–	–	–
	21,4	98,5	98,5	–	–	–
Imports – average forward rate:						
– USD/ZAR			18,78			
– EUR/ZAR			20,53			
Exports – average forward rate:						
– USD/ZAR			19,63			
– EUR/ZAR			21,58			

35.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity input prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

The Group buys foreign currency derivatives in order to manage foreign exchange risks. Such transactions are carried out within the guidelines set by the Group Treasury. Generally the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

The Group also enters into fuel swaps to manage a portion of its exposure to fluctuations in oil prices.

The Group does not enter into commodity contracts other than to meet the Group's expected usage requirements; such contracts are not net settled.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The Group is primarily exposed to the Euro, the US Dollar and the Australian Dollar.

Generally the Group hedges 25 to 75 percent of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months. The Group hedges between 75 and 100 percent of all trade receivables, trade payables and firm and ascertainable commitments denominated in a foreign currency. The Group uses forward exchange contracts to hedge its currency risk, all with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

35. Financial risk management continued

35.5 Market risk continued

Currency risk continued

In respect of transactions not covered by forward exchange contracts or other monetary assets and liabilities denominated in foreign currencies that arise in the normal course, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

The Group's investments in foreign subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

Exposure to currency risk

The Group's exposure to significant foreign currency risk was as follows, based on nominal amounts:

	Trade receivables	Cash and cash equivalents	Trade payables	Borrowings (including lease liabilities)	Balance sheet exposure	Estimated forecast sales*	Estimated forecast purchases*	FECs on sales/receivables	FECs on purchases/payables	Net forecast FC exposure
	FC'm	FC'm	FC'm	FC'm	FC'm	FC'm	FC'm	FC'm	FC'm	FC'm
Net exposure as at 30 June 2025										
Australian Dollar	1,6	-	-	-	1,6	17,9	-	(6,2)	-	13,3
Botswana Pula	28,3	46,0	(1,4)	(25,4)	47,5	-	-	-	-	47,5
Euro	12,3	2,8	(2,0)	(0,4)	12,7	57,0	(21,4)	(25,8)	8,4	30,9
US Dollar	1,5	2,3	(4,0)	(1,1)	(1,3)	17,5	(71,8)	(5,7)	36,8	(24,5)
UK Pound	2,2	0,4	-	-	2,6	10,0	-	(4,8)	-	7,8
Zambian Kwacha	29,0	17,5	(0,9)	(9,5)	36,1	-	-	-	-	36,1
Namibian Dollar	24,2	34,9	(4,7)	(1,7)	52,7	-	-	-	-	52,7
Net exposure as at 30 June 2024										
Australian Dollar	1,7	-	-	-	1,7	8,8	-	(3,8)	-	6,7
Botswana Pula	39,8	38,6	(0,2)	(27,0)	51,2	-	-	-	-	51,2
Euro	9,5	7,0	(1,9)	(0,6)	14,0	63,6	(23,1)	(27,7)	12,0	38,8
US Dollar	1,8	3,4	(3,6)	(0,5)	1,1	21,2	(75,4)	(8,4)	40,7	(20,8)
UK Pound	1,4	0,2	(0,1)	-	1,5	7,4	-	(3,1)	-	5,8
Zambian Kwacha	28,8	19,9	-	(11,2)	37,5	-	-	-	-	37,5
Namibian Dollar	29,4	27,2	(6,2)	(2,2)	48,2	-	-	-	0,1	48,3

* Estimated forecast sales and purchases reflect anticipated transactions for the 12 months from 30 June.

The following significant exchange rates applied during the year:

1FC = X ZAR	Reporting date			
	30 June 2025		30 June 2024	
	Closing rate	Average for the year	Closing rate	Average for the year
Australian Dollar	11,68	11,72	12,14	12,25
Botswana Pula	1,33	1,34	1,34	1,37
Euro	20,92	19,77	19,49	20,15
US Dollar	17,75	18,14	18,19	18,67
UK Pound	24,38	23,55	23,00	23,49
Zambian Kwacha	0,74	0,67	0,76	0,80

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

35. Financial risk management continued

35.5 Market risk continued

Sensitivity analysis

A 10 percent weakening of the Rand against the following currencies at 30 June applied against the net forecast foreign currency exposure for the next 12 months would result in the following changes to profit/(loss) and equity over a 12-month period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as 2024.

	Profit/(loss) and equity	
	2025 R'm	2024 R'm
Australian Dollar	15,5	8,1
Botswana Pula	6,3	6,9
Euro	64,7	75,6
US Dollar	(43,5)	(37,8)
UK Pound	19,0	13,3
Zambian Kwacha	2,7	2,8
	64,7	68,9

A 10 percent strengthening of the Rand against the above currencies at 30 June would have had an equal but opposite effect to the amounts shown above. This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

The Group, being strongly cash generative, adopts a policy of ensuring that most of its exposure to changes in interest rates on borrowings is on a floating rate basis. Where economical, interest rate swaps may be entered into on a portion of debt.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2025 R'm	2024 R'm
Variable rate instruments		
– financial assets ¹	294,5	352,9
– financial liabilities ²	(2 006,4)	(1 229,2)
	(1 711,9)	(876,3)

¹ Includes cash and cash equivalents.

² Includes current borrowings.

Fair value sensitivity analysis for fixed rate instruments

The Group accounts for fixed rate instruments on an amortised cost basis and therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date, calculated on the closing balances and using simple interest for 12 months, would have decreased profit by the amounts shown below. A decrease of 100 basis points would have had an equal but opposite effect to the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2024.

	Profit/(loss) and equity	
	2025 R'm	2024 R'm
Variable rate instruments		
– financial assets	2,9	3,5
– financial liabilities	(20,1)	(12,3)
Net cash flow sensitivity	(17,2)	(8,8)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

36. Financial assets and liabilities

Accounting classifications and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, including their levels in the fair value hierarchy (if applicable).

	Carrying amount			Fair value hierarchy		
	Assets	Debt instruments, derivatives and equity instruments at fair value through profit or loss	Debt instruments at amortised cost	Level 1	Level 2	Level 3
	Liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost			
30 June 2025	R'm	R'm	R'm	R'm	R'm	R'm
Financial assets measured at fair value	13,7	13,7	-	-	13,7	-
Forward exchange contract derivative assets	12,9	12,9	-		12,9	
Fuel swap derivative assets	0,8	0,8	-		0,8	
Financial assets not measured at fair value	2 364,1	-	2 364,1	-	-	-
Contributions to Enterprise and Supplier Development initiatives	21,9	-	21,9			
Trade and other receivables						
– Trade receivables	2 017,1	-	2 017,1			
– Other receivables	30,6	-	30,6			
Cash and cash equivalents	294,5	-	294,5			
Financial liabilities measured at fair value	(38,9)	(38,9)	-	-	(38,9)	-
Forward exchange contract derivative liabilities	(35,4)	(35,4)	-		(35,4)	
Fuel swap derivative liabilities	(3,5)	(3,5)	-		(3,5)	
Financial liabilities not measured at fair value	(3 899,1)	-	(3 899,1)	-	-	-
Current borrowings	(2 006,4)	-	(2 006,4)			
Lease liabilities	(551,3)	-	(551,3)			
Trade and other payables						
– Trade payables	(1 046,5)	-	(1 046,5)			
– Other payables*	(294,2)	-	(294,2)			

* Excludes contract liabilities, earnings-linked performance and accrued bonuses, leave pay provisions, short-term employee benefits and indirect tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

36. Financial assets and liabilities continued

	Carrying amount			Fair value hierarchy		
	Assets	Debt instruments, derivatives and equity instruments at fair value through profit or loss	Debt instruments at amortised cost	Level 1	Level 2	Level 3
	Liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost			
30 June 2024	R'm	R'm	R'm	R'm	R'm	R'm
Financial assets measured at fair value	63,1	63,1	-	-	63,1	-
Forward exchange contract derivative assets	61,0	61,0	-	-	61,0	-
Fuel swap derivative assets	2,1	2,1	-	-	2,1	-
Financial assets not measured at fair value	2 354,7	-	2 354,7	-	-	-
Contributions to Enterprise and Supplier Development initiatives	20,9	-	20,9	-	-	-
Trade and other receivables						
- Trade receivables	1 944,0	-	1 944,0	-	-	-
- Other receivables	36,9	-	36,9	-	-	-
Cash and cash equivalents	352,9	-	352,9	-	-	-
Financial liabilities measured at fair value	(29,7)	(29,7)	-	-	(29,7)	-
Forward exchange contract derivative liabilities	(27,9)	(27,9)	-	-	(27,9)	-
Fuel swap derivative liabilities	(1,8)	(1,8)	-	-	(1,8)	-
Financial liabilities not measured at fair value**	(3 153,2)	-	(3 153,2)	-	-	-
Current borrowings	(1 229,2)	-	(1 229,2)	-	-	-
Lease liabilities	(542,9)	-	(542,9)	-	-	-
Trade and other payables						
- Trade payables	(1 154,6)	-	(1 154,6)	-	-	-
- Other payables**	(226,5)	-	(226,5)	-	-	-

** The prior year balance has been restated to exclude customer contract liabilities (R30,9m), earnings-linked performance and accrued bonuses (R235,8m), leave pay provisions (R123,1m), short-term employee benefits (R87,4m) and indirect taxes (R77,9m) as these items do not meet the definition of a financial liability. This has been updated accordingly to be comparative with the current year with no impact on the primary statements.

Management has assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables and current borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

The different levels as disclosed in the table above have been defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2025

36. Financial assets and liabilities continued

Measurement of fair value

The following table shows the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Derivative assets and liabilities at fair value: used for hedging	Market comparison technique: The fair value of foreign currency contracts and fuel swaps (used for hedging) are marked-to-market by comparing the contracted forward rate to the present value of the current forward rate of an equivalent contract with the same maturity date.	Not applicable	Not applicable

There were no transfers between Levels 1,2 or 3 of the fair value hierarchy for the years ended 30 June 2025 and 30 June 2024.

37. Post-reporting date events

No material events that meet the requirements of IAS 10 have occurred since the reporting date.

38. Going concern

The Group earned a net profit for the year ended 30 June 2025 of R2 429,7 million (2024: R2 257,7 million) and as of that date, its total assets exceeded its total liabilities by R5 346,9 million (2024: R5 784,9 million).

The trading environment remains particularly challenging, exacerbated by the government's inability to deliver structural reforms required for sustainable economic recovery. Key macroeconomic pressures include elevated unemployment, declining real disposable income, and the continued erosion of South Africa's middle class; many of whom are core consumers of the Group's brands. In addition, the increasing deterioration of municipal infrastructure in critical areas where the Group operates has raised the cost and complexity of maintaining baseline operations.

Despite these conditions, the Group remains committed to protecting volumes, sustaining margin positions, and optimising returns. A number of restructuring and efficiency initiatives have been implemented in 2025 to address the cost and complexity of the Group's operating model, with benefits expected to flow through in the upcoming financial year.

As part of preparing the financial results, the Group has performed a detailed going concern assessment. This assessment is based on the approved budget for the 2026 financial year and includes profitability, solvency and liquidity forecasts. The budget was set against a backdrop of weak macroeconomic growth, rising competitive intensity, and operational risks linked to infrastructure and regulatory shortcomings. Notwithstanding these challenges, the base case budget demonstrates continued capital stability, liquidity adequacy and value creation for shareholders.

A downside scenario was also considered, reflecting persistent inflation, further deterioration in public infrastructure, lower-than-expected consumer demand, and the potential impact of aggressive discounting by competitors. The scenario also accounted for volatile currency movements and the consideration of lower catch rates in the I&J division. Even under this scenario, the Group remains solvent and liquid, with no material uncertainty arising that casts doubt on its ability to continue as a going concern.

Based on the above, no material uncertainties that would require disclosure have been identified in relation to the ability of the Group to remain a going concern for at least the next 12 months. The directors therefore consider it appropriate for the going concern basis to be adopted in preparing the consolidated annual financial statements.

ANNEXURE A – INTERESTS IN OTHER ENTITIES

Interests in other entities as at 30 June 2025

Principal subsidiary companies of AVI Limited

Name of company and nature of business	Class	Issued permanent capital*		Group effective percentage holding	
		2025 R'm	2024 R'm	2025 %	2024 %
A&D Spitz Proprietary Limited – retailer of branded shoes and apparel	Ord	–	–	100	100
Irvin & Johnson Holding Company Proprietary Limited – integrated fishing, processing and marketing of branded value-added fish and seafood products	Ord	–	–	100	100
Indigo Brands Proprietary Limited – manufacturers and distributors of leading body spray, fragrance, cosmetics and body lotion products	Ord	–	–	100	100
National Brands Limited – manufacturers and marketers of branded food and beverage products	Ord	3,5	3,5	100	100

All companies are incorporated in South Africa.

* Where Rnil amount is less than R0,1 million.

ANNEXURE B – ANALYSIS OF ORDINARY SHAREHOLDERS

Analysis of ordinary shareholders as at 29 June 2025

Shareholder Spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000 shares	12 193	68,88	3 382 095	1,00
1 001 – 10 000 shares	4 181	23,62	13 246 956	3,90
10 001 – 100 000 shares	941	5,32	30 491 894	8,96
100 001 – 1 000 000 shares	327	1,85	98 791 509	29,04
1 000 001 shares and over	59	0,33	194 234 012	57,10
Total	17 701	100,00	340 146 466	100,00
Distribution of Shareholders				
Assurance Companies	114	0,64	10 241 468	3,01
Close Corporations	116	0,66	340 439	0,10
Collective Investment Schemes	593	3,35	136 705 466	40,19
Control Accounts	2	0,01	69	0,00
Custodians	44	0,25	2 596 511	0,76
Foundations & Charitable Funds	142	0,80	1 449 739	0,43
Hedge Funds	14	0,08	1 298 691	0,38
Insurance Companies	12	0,07	572 926	0,17
Investment Partnerships	39	0,22	1 317 908	0,39
Managed Funds	103	0,58	17 821 963	5,24
Medical Aid Funds	33	0,19	1 726 152	0,51
Organs of State	18	0,10	73 399 442	21,58
Private Companies	536	3,03	3 554 395	1,04
Public Companies	11	0,06	2 512 500	0,74
Public Entities	2	0,01	13 704	0,00
Retail Shareholders	12 969	73,27	14 689 557	4,32
Retirement Benefit Funds	513	2,90	26 821 847	7,89
Scrip Lending	14	0,08	9 876 515	2,90
Share Schemes	1	0,01	4 914 670	1,44
Sovereign Funds	13	0,07	9 071 587	2,67
Stockbrokers & Nominees	37	0,21	10 588 450	3,11
Treasury	2	0,01	3 079 448	0,91
Trusts	2 365	13,36	7 536 591	2,22
Unclaimed Scrip	8	0,04	16 428	0,00
Total	17 701	100,00	340 146 466	100,00
Shareholder Type				
Non-Public Shareholders	7	0,04	9 046 386	2,66
Directors	4	0,02	1 052 268	0,31
Treasury Shares	2	0,01	3 079 448	0,91
AVI Share Schemes	1	0,01	4 914 670	1,44
Public Shareholders	17 694	99,96	331 100 080	97,34
Total	17 701	100,00	340 146 466	100,00

ANNEXURE B – ANALYSIS OF ORDINARY SHAREHOLDERS

Analysis of ordinary shareholders as at 29 June 2025 continued

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Public Investment Corporation	63 838 840	18,77
Aikya Investment Management	20 571 182	6,05
Sanlam Investment Management	15 189 514	4,47
Old Mutual Investment Group	13 393 231	3,94
Vanguard Investment Management	12 947 600	3,81
Allan Gray	12 557 728	3,69
Total	138 498 095	40,73

Beneficial shareholders with a holding greater than 3% of the issued shares

Government Employees Pension Fund	70 369 315	20,69
Vanguard Investment Management	12 947 600	3,81
Old Mutual Group	12 891 610	3,79
Total	96 208 525	28,29

	Number of shareholdings
Total number of shareholdings	17 701
Total number of shares in issue	340 146 466

Share Price performance

Opening price 01 July 2024	R96,50
Closing price 30 June 2025	R94,13
Closing high for period	R114,09
Closing low for period	R83,41
Number of shares in issue	340 146 466
Volume traded during period	245 402 179
Ratio of volume traded to shares issued (%)	72,15%
Rand value traded during the period	R24 325 787 194
Market capitalisation at 30 June 2025	R32 017 986 845

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